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# West Europe Report

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22 JULY 1986

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POLITICAL

CYPRUS

AMERICANS ACCUSED OF SUPERIORITY COMPLEX, FAILURE

Nicosia I SIMERINI in Greek 4 Jun 86 p 1

/Editorial: "They Have Failed...."; passages enclosed in slantlines printed in all caps

/Text/ It is not the first time in history that a superpower wants //to police// the entire or half the planet. The two modern superpowers do not diverge from the rule. The Soviet Union, in its own world, //polices// without any effective protest from anywhere. The United States, in its own zone of influence, //is attempting// the same kind of //policing// without, however, succeeding in getting "the discipline" it demands..

The kind of mentality that predominates in the average American sometimes seems to be the same as that which predominates in Washington's top military and political leadership. A form of mentality whose dominant feature is a //superiority complex//. A form of mentality that considers normal the invocation of God in the American leadership's mission to "protect" the people and to police their lives.

This //mentality// must be understood and noted by the Greek people. It does not seem that they have done so to the extent needed. After World War II Washington came out the victor of the war regardless of how and when it came into the war. Since then it has believed that it has the //sacred duty// to protect the planet. And also that this protection must be decided with its own //measures// and its own //criteria//.

From Korea to Vietnam, to Persia and the African and Latin countries, to Beirut and finally to Libya the other day, the "sacred duty" of the American officials is being implemented with the same mentality. The results? The American citizens pay so that the Soviets might advance and win! American soldiers have waged wars for the freedom of peoples and the Russians have won.... They built universities for the teaching of western ideology and in the long run the university professors and students turned out to be communists! Why? Because the American superiority complex destroyed every vestige of genuine ideological goal of American policy.

The chairman of the Greek-American congress, Andrew Athens, in a letter to the chairman of the Internal Affairs Committee of the American House of Representatives, wrote as follows:

"American policy in the eastern Mediterranean would have been more successful and effective had the American people, the U.S. Congress and Government become seriously aware of the threats and expansionist plans of Turkey against Greece."

This case provides only part of Washington's //unsuccessful// foreign policy. Reality is much more sorrowful. American policy in the Mediterranean is //unsuccessful.// Here in Cyprus, Cypriot Hellenism was slaughtered by the two Attilas but Washington did not condemn the slaughter. Here, half of Cyprus has been occupied by an ally of Washington with American weapons, and 12 years later the occupation has not been condemned nor have the occupiers been called upon to leave. And yet American policy is trying to //legalize// and //render ethical// all the military and other interventions on the principles of freedom, democracy, security and human rights!

The //American leaders// have //failed// in the Mediterranean. They supported injustice, "that's what I want-ism," conquest, invasion, looting and piracy. They have failed because instead of supporting the rights of the weak they plotted and they imposed the rights of the strong because they believed that in this way they would serve their //evil-doing// intentioned interests. Are they able to see principles and ideas from the start? In Cyprus, the Aegean and the Middle East the Americans have the golden opportunity to show that they are the protectors of freedom. If they do not change tactics and mentality with regard to this region, it is //certain// that they will gradually lose both the Mediterranean and its peoples. They will lose them because in the long run all will ask them: Finally, //what// freedom for //who// and against //whom// are the Americans protecting in the Mediterranean.?

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CSO: 3521/175



POLITICAL

CYPRUS

AKEL SAID RESPONSIBLE FOR SOVIET PROPOSAL'S FAILURE

Nicosia 0 AGON in Greek 5 Jun 86 p 3

/From the "My Opinion" column: "The Grave Digger"/

/Text/ So, the Soviet Union has made a strong protest to de Cuellar because in a public statement he described the proposal for the convening of an international conference as "non-viable."

But AKEL was not only not bothered by the de Cuellar declaration but to the contrary supported his proposal as "viable."

And then it criticized all because they do not promote the Soviet proposals and do not promote the proposal for an international conference.

But, in reality, the first and only party that "buried" the Soviet proposals and the idea of an international conference was the Left.

Because (a) with its position on "positive confrontation" of the de Cuellar proposal it gave the coup de grace to the Soviet proposals and to an international conference and (b) it supported de Cuellar who does not consider either one or the other as being "viable."

Consequently, AKEL no longer has the right to criticize others for what its leadership did.

Neither does it have the right to become angry when we tell it that it is going along with the United States, Britain and other "imperialist circles" in confronting the Cyprus problem.

On paper, it shouts for an international conference and the Soviet proposals but in reality it supports the plans of those who do not consider either as being "viable."

On paper, it screams against "Americans and NATO circles" but in reality it goes along with them in the support of every pro-Turkish federation plan of the secretary general.

Of course, no envy for this hypocritical stance. It is everyone's right to choose and support the line he considers the correct one.

But AKEL's leadership does not have the right to fool or deceive its masses and refuse its alignment with "imperialist circles."

For that reason let the simple leftist masses watch out for the inconsistency of their leadership.

Let them offer the following points:

1. The only ones who support positive confrontation of the de Cuellar plan is AKEL, Reagan and Thatcher.
2. AKEL's silence on de Cuellar's public statement that the proposal for an international conference is "non-viable."
3. The strong support by its leadership on the secretary general's plan and its complete disregard of Soviet proposals.
4. The joint PEO /Pan-Cyprian Labor Federation/-POAS /Pan-Cyprian Federation of Independent Trade Unions/-DISK /as published/-Davis communique in which warm support for the de Cuellar document is expressed and not the slightest reference is made to the Soviet proposals.
5. Mr Papaioannou's refusal to support a conference in Athens, the agreed upon answer of the Cypriot side to the secretary general which, among other things, an international conference is proposed to discuss the three basic factors.

The simple leftist voters proved in the last parliamentary elections in December that they have both judgement and logic.

Let them once again today make use of their judgement and logic and they will certainly realize that whatever the westerners support now is accepted and supported by their leadership!

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POLITICAL

FINLAND

#### VAYRYNEN SPEECH INDICATES EFFORT TO CREATE NEW CONSTELLATIONS

Helsinki HUFVUDSTADSBLADET in Swedish 29 Apr 86 p 2

[Editorial by Jan-Magnus Jansson: "Toward New Constellations?"]

[Text] Paavo Vayrynen gave an interesting political speech at the Center Party Congress. If you take the speech literally, it might even be termed sensational. Particularly in the last few years, however, we have become accustomed to the fact that political leaders' speeches have increasingly changed to political tactics and to some degree media shows, not to be taken too seriously.

Even with this reservation, Vayrynen speech is unusually interesting in terms of some of its ideas. Furthermore, his choice of forum--the same congress at which Vayrynen's 1988 presidential candidacy was actually established--allows us to take his speech seriously.

The particularly interesting aspects of his speech was the invitation to the Conservative Party to join the government and the unusually severe criticism of the Social Democrats. His speech culminated in exhorting the Center Party to change its position on the government issue. These elements have indeed been expressed earlier in various Center Party speeches but never consolidated so conscientiously into a whole.

If we stop to consider the invitation to the Conservative Party to join the government, it must be said that this invitation was extended earlier, under Virolainen. It was in the form of a proposal to include the Conservative Party in the existing coalition between the Center Party and the Social Democrats. Now that the Communists represent the opposition and have shrunk to a medium-sized or perhaps smaller party, we tend to think in terms of a "big three government." The Swedish People's Party, but not necessarily the Finnish Rural Party might also become part of this coalition. A Big Three government might also be termed "the donkey bridge" in our political discussion; it seemingly would have to satisfy everybody since nobody can be overlooked in today's important course of ideas. Yet it might be possible to realize such a government. So far the Social Democrats at least have treated the idea coldly: they would be a minority confronted by two large nonsocialist parties. This despite the fact that agreement between the Center Party and the Conservative Party on all issues by no means

is guaranteed. The Center Party has always been able to wash its hands by explaining that the Social Democrats are the ones opposed to including the Conservative Party in a coalition government.

Vayrynen also recommended a majority government with as broad a basis as possible and capable of working together. This means a change with respect to an earlier Center-Party congress formula, demanding that the government core be made up of the Center Party and the Social Democrats.

In practice it is possible that the given formula will not save the Center Party an even more significant choice. If a "big three government" cannot be put together, the Center Party will be faced with choosing between the present red-green coalition on the one hand and a nonsocialist coalition government with the Center Party and the Conservative Party as the core on the other.

A careful reading of Vayrynen's speech unmistakably gives one the impression that he wants to prepare his party friends for a nonsocialist government, or at least wants to ascribe as much dignity to the nonsocialist alternative as to the red-green.

Vayrynen, for example, mentioned that the share of leftist votes is declining and, according to some calculations, will be about 35 percent. But, Vayrynen continued, present government policies have not adequately promoted "the reforms and measures whose realization has been and still is being sought by a growing nonsocialist majority in Finland." One might quietly state that Vayrynen has made a discovery which ordinary people already made about 10 years ago.

The Center Party leader cautioned that this change has already affected the labor market, where public service organizations are gaining ground at the expense of FFC. Yet, we have experienced "a constellation never seen before," in which the leading government party supported the joint FFC strike opposing the public service organizations.

Characteristically enough, "Vayrynen also referred to the Miettunen minority government, 1976-77, which according to him led to an improved political climate. As we recall it, this was a middle minority government supported by the nonsocialist opposition.

The rest of the speech primarily dealt with a list of transgressions committed by the Socialist Democratic Party. Furthermore, Vayrynen added another eight points, including an alternative program. Without going into detail (see the report in Sunday's issue of HUFVUDSTADSBLADET), one might say that Vayrynen's speech was the most "nonsocialist" speech delivered by a Center Party leader in a long time.

Why, one might ask, did Vayrynen chart this course? Political leaders do not chart a course based on sudden insight.

The most obvious answer is that this was the starting gun for Vayrynen's presidential election campaign. He might possibly hope for nonsocialist support in 1988 (or 1994), but not from the Social Democrats, whether their candidate is named Koivisto, Sorsa or something else. Hence, he must secure a better relationship with the Conservative Party, which certainly has not been favored by the Center Party up to now.

We are also reminded that it has become an almost unbroken rule to elect the prime minister to president of the republic. Whoever wants to become president should somehow secure the post of prime minister first. This may be easier in a nonsocialist government than in a left-oriented Center government.

All this is indeed true, but we should also be careful not to second-guess Vayrynen's presidential ambitions and view them as being the basis of all his actions.

Another motive for his move to the right is at least just as likely.

Another government alternative, the so-called black-red (or blue-red), has been gaining ground lately. It is supposed to be built around two South-Finland city parties, the Social Democratic and the Conservative parties as the core. How seriously one should take this construction is impossible to answer. This particular coalition is not practiced in any other country. In Finland, however, it has appeared from time to time, beginning in the fifties, and does indeed have some support within both parties.

A coalition between the two largest parties in Parliament should isolate and provide a deadly threat to the Center Party, which up to now has held a key position.

It is obvious that Vayrynen must do what he can—just in case—to counteract this possibility.

In any event, the final result could be that the Conservative Party, after having been politically isolated, will be wooed by many. If this happens, we will truly find ourselves in a new political climate.

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POLITICAL

FINLAND

# HELSINKI SWEDISH-LANGUAGE REPORTS ON CP 'SHADOW CONGRESS'

## Foreign Guests From Embassies

Helsinki HUFVUDSTADSBLADET in Swedish 27 Apr 86 p 9

[Article by Jan-Anders Ekstrom]

[Text] "With the right of members," opposition Communists held a "shadow congress" last Saturday in a Tammerfors suburb. The first day of meetings was clearly marked by sharp Marxist-Leninist repudiations of practically everything the present FKP (Finnish Communist Party) leadership stands for.

On Sunday the FKP "shadow congress" will establish its own "shadow organization"--a complete administrative organ in accordance with the traditional FKP organizational structure; a central committee, presidium and a policy committee will be elected.

The opening speeches were also marked by a strong determination to continue to refuse giving up membership in the FKP, irrespective of the measures adopted by the party leadership. All the speakers considered themselves true representatives of FKP and its "main line." Officially, the strategy is to continue to "rebuild FKP."

The shadow organizations' permanent chairman Taisto Sinisalo even suggested that "the organization's central committee" start to plan the next regular FKP Congress, the 21st, with the aim of making it an event that "will confirm that FKP is still a Marxist-Leninist and an international party."

Realistically, the opposition will not take part in the next regular party congress, but the object is to remain part of the FKP by any means. The shadow organization uninhibitedly continues to use the party name and insignia.

The already established election organization "Democratic Alternative," which will be entered in the party registry, was mentioned in passing as a necessity without which "there would be no alternative to the present leadership, money power and conservative orientation."

## Another Invitation

It was Taisto Sinisalo who in his speech concerning the FKP-situation declared that the opposition forces are taking steps to organize "with the right of members." "We are not asking Arvo Aalto's group or the nonsocialists for permission to do this. We are not establishing a power structure outside the FKP. On the contrary, we are organizing ourselves more effectively so as to allow the members to rule their own party and to work more effectively to maintain FKP and strengthen it as a Marxist-Leninist party," he said.

Sinisalo again invited all Communists and FKP organizations to work together for party unity. "This cannot be done by agreement with employers, allowing anti-Sovietism, giving up Leninism or by trampling on the rights of members or party organizations. The way of the present leadership is the way to destruction," he maintained.

## Support for Koivisto

The opening speech concerning the political situation was given by former FKP Chairman Jouko Kajanoja. He strongly criticized U.S. world policies and later described last spring's wage settlement as a big betrayal. He condemned the nonsocialist report as misleading and even a deliberate lie.

The fact that Arvo Aalto and his group shattered the SKDL (Finnish People's Democratic League) election alliance "was a direct gift to the Conservatives and a thoughtless slap in the face to the labor class and the progress of friendship," according to Kajanoja.

Kajanoja later pointed out that the expected Conservative-Party gain in the next parliamentary election is already seen as a strong possibility of a "Conservative gain" in the next presidential election as well. Those responsible for splitting SKDL and FKP will be greatly to blame for this too.

He later noted that President Mauno Koivisto had clearly stated that for his own part and during his mandate he would guarantee continued support of the Paasikiva-Kekkonen line.

The Communists fully support President Koivisto's efforts to oppose a more Conservative-oriented foreign policy.

Otherwise, Kajanoja sharply protested all efforts to link Finland to the Western block. He also recommended a rapid improvement in Finland's foreign-policy profile. With respect to the so-called European Defense Initiative, Finland should inform all European nations, especially the German Federal Republic, that the security interests of Finland should also be considered in this connection.

## Majority

One purpose of the Tammerfors "shadow congress" was to demonstrate that the opposition represents a majority of the FKP organizations. Invited

organizations were asked to send one representative per 50 members or less, resulting in a total of 802 representatives from 765 party organizations.

The 802 delegates represented a total of 16,633 FKP members. FKP has approximately 1,200 registered member organizations.

Taisto Sinisalo came to the conclusion that "however you figure it, the Tammerfors delegates represented a majority of the member organizations. The majority's calculations defeated those of the minority."

The first day of meetings went well without any obvious dissension on the party of the Nyland district, which under the leadership of retired District Secretary Markus Kainulainen had earlier spoken in favor of quickly establishing a new party. They were still debating when this article was written. According to leading sources, the Nyland activists can be controlled.

#### Foreign Guests

Guests from most of the socialist countries' embassies in Helsinki had been invited to the Shadow Congress, but the level of attendance was considerably less than at the big meeting in Lahtis some time ago where the ambassadors were also present. The Soviet embassy was represented by legation councillor Valerij Dmitriev this time. The Soviet Communist Party was officially represented in Lahtis, but not at the Shadow Congress in Tammerfors.

#### More Debate Than Anticipated

Helsinki HUFVUDSTADSBLADET in Swedish 28 Apr 86 p 9

[Article by Jan-Anders Ekstrom]

[Text] The FKP-opposition established a complete party organization yesterday in accordance with the old Communist-Party model, but yet refused to consider themselves a new party. The opposition does not want to give up the FKP name or its traditions and are currently using FKP rules dating back to 1957 as a kind of formal link with the old.

Futhermore, the new organization will begin to prepare for another congress next year, not its own but "the 21st regular FKP congress."

Since Arvo Aalto's FKP is also planning the party's 21st congress, it looks as if there will be two congresses by the same name.

The Tammerfors congress demonstrated far-reaching agreement; however, the absolute agreement obviously hoped for by the leadership failed to materialize because, despite everything, the Nyland district chose to make a careful notation with respect to whether the new organization should be a party.

Led by the already retired District Secretary Markus Kainulainen, the Nyland district has long been speaking in favor of establishing a new party. The idea has been strongly opposed and consequently did not get much support from the FKP opposition forces.

In keeping with the efforts to maintain the FKP name and traditions, it was proposed in an organizational policy document that members should begin to prepare for "the regular 21st FKP congress." Before the proposal was adopted, Nyland district's new secretary Kalervo Ilmanen asked to speak and reported that the Nyland district delegates wished to make a notation in the protocol against any reference to the 21st party congress. In his words, the reference was likely to generate surprise and confusion among the members. The formulation he proposed just referred to preparations for the next regular congress, i.e., no reference to the old FKP.

The Nyland district group realized it would not be able to change the final resolution and, therefore, chose not to request another vote, just a notation in the protocol.

Urko Jokinen, former editor-in-chief of TIEDONANTAJA, who chaired the organization's Document Committee, saw this as the best solution. He pointed out that the Nyland district representatives did not object to the organization's adoption of party rules dating back to 1957. "Therefore, they also accepted the premise that the next party assembly will be the regular 21st congress," Jokinen explained. The Nyland district group did not object to his interpretation.

Later Taisto Sinisalo said that he viewed the Nyland district notation as "but the last wave in the wake of the many problems they had encountered." Consequently, there is no longer any conflict to speak of.

Nor was there any discrimination against the Nyland district with respect to the new Central Committee; Marksu Kainulainen and Kalervo Ilmanen were both elected to the committee, the latter also to the Policy Committee.

Nor did the issue of whether to establish a new party play a perceptible role in the general debate Sunday morning. The FKP leadership headed by Arvo Aalto was duly criticized, and all the speakers viewed the opposition as the rightful heir to FKP.

Otherwise, the debate dealt more with real policy issues and the new organization's future work than with the party split. It was noted that the organization must learn to work differently than before. It will no longer be necessary to keep an eye on unreliable party members.

However, the main issue was the election of a new executive organ for the old "forces of unity." They began by electing a 50-member Central Committee. Several--but not all--the minority Communist parliamentary representatives were elected to this committee, together with several other well-known names. Taisto Sinisalo, leader of the opposition for many years, was elected as a matter of course, as well as former Party Chairman Jouko Kajanoja. Some--but not very many--proponents of Kajanoja's so-called "third line" were also elected to the Central Committee, like Mrs. Kajanoja Pirkko Turpeinen and former parliamentary representative Helge Talvitie, for example.



Other well-known names included theater directors Timo Bergholm, TV Theater, and Pekka Milinoff, the Communist Theater. The Swedish-speaking members elected to the committee were parliamentary representatives Sten Soderstrom and Cay Sevon.

#### Sinisalo Chairman

The Central Committee later met and, as planned, elected Taisto Sinisalo its chairman. Yrjo Hakanen, Sinisalo's secretary for many years, was elected first deputy chairman and District Secretary Marita Virtanen, Abo, second deputy chairman.

Jouko Kajanoja was elected general secretary.

Besides the president and general secretary, some 13 members were elected to the Policy Committee, Sten Soderstrom and Cay Sevon among them.

The "shadow congress" also adopted several resolutions, including a comprehensive policy document. It proposed extensive measures to increase economic trade with the Soviet Union, limit the power of big capital and expand the democratic rights of citizens. It also called for the nationalization of the Sanoma cartel, or at least democratic control. During a meeting of the Policy Committee, the request was made to withdraw MTV's operating license and to abandon the Tele-X project.

#### "We Have Changed"

The public has become somewhat aware that former FKP Chairman Jouko Kajanoja has become progressively more left-oriented in just a few years. The claim among FKP leaders is that Kajanoja completely identifies with the "Taistoits."

Kajanoja and Sinisalo commented on this yesterday saying that everybody has changed due to the ongoing process, particularly in the past year. According to Sinisalo, no one has been suppressed in any way. Kajanoja views the entire process as an example of how you can achieve real results by means of thorough discussion.

Erkki Susi, editor-in-chief of TIEDONANTAJA, also said that the process has led to a new attitude on his part as well as that of his paper. Contacts with Kajanoja's group have brought about greater understanding and confidence on the part of people not traditionally in support of TIEDONANTAJA.

#### 'Waiting-Out' Tactics Adopted

Helsinki HUFVUDSTADSBLADET in Swedish 29 Apr 86 p 2

[Editorial by Bjorn Mansson]

[Text] "Regardless of what the minority Communists are saying, Finland now actually has two competing Communist parties," writes Bjorn Mansson, discussing some of the many questions raised in connection with the new party organization.



The struggle for Finland's Communist Party is becoming more and more like a farce. A couple of weeks ago the minority Communists founded an election organization called "Democratic Alternative," which according to its founders is not a party. Nevertheless, it will apply for listing in the party registry.

The same forces gathered over the weekend under the designation "meeting of FKP organizations' representatives" and established what actually must be considered a regular party; however it will not apply for registration as such.

This, despite the fact that the new "shadow party" exhibits all the reasonable signs of being a Communist party: a complete party apparatus with a central committee, politburo, presidium, secretariat, district organizations and local units. A separate party chancellery was already established some time ago.

Regardless of what the "shadow party members" are saying, Finland now has two competing Communist parties. As if to stress the split, both party organizations have reported their intention of planning "FKP's 21st congress" next spring, however, this can be done.

It will be a real farce if two parallel "FKP 21st congresses" actually do take place. Not to speak of the legal process which certainly will ensue with respect to which has the right to use the FKP name and emblem. The party organization chaired by Arvo Aalto cannot allow another organization to abuse its name long-term. And vice versa--if Taisto Sinisalo's party apparatus prevails.

Since the latter group has now definitely placed itself outside Aalto's FKP, it no longer has a chance to take over the party in a normal fashion. Therefore, the strategy seems to be to "wait out" Aalto, however they hope to do it later.

In a recent commentary on the election party "Democratic Alternative" in this space, we stated that questions are mounting relative to the opposition Communists' party establishment(s). One question was eliminated, at least for the time being, thanks to the Tammerfors meeting: the most hard-nosed faction led by Markus Kainulainen--following some notations designed to clearly express a new Marxist-Leninist party--is now walking with Sinisalo.

And if there were the slightest doubt as to where Jouko Kajanoja's so-called forces of unity or "third liners" stood prior to the Tammerfors meeting, it has now evaporated.

However, the other questions remain and are becoming more urgent:

In the final analysis, who has the majority support of the FKP members and the local units? Both parties claim to represent the majority and each accuse the other of manipulating paper organizations and dead souls.

What will happen to the group parliamentary representatives, who up to now have been able to hold the two factions together? At this point, said factions are no longer factions, but two separate parties. Not even SKLD is a common denominator any more since all the Taistoit parliamentary representatives were excluded. The situation would be unique if the group manages to hold together until the parliamentary election: members of the same parliamentary group being two competing parties' candidates.

The parliamentary election in less than a year will result in two separate groups of representatives. But will the election result provide a definite answer as to who represents the majority and who the minority? Even if SKDL most likely will win several more mandates than the "Democratic Alternative," the Sinisalo party organization can always argue that this only reflects the voters' choice, not that of FKP members.

In any event, the question about the attitude of the Soviet Communist Party remains. Arvo Aalto may be thinking that the parliamentary election results will convince Moscow. But gains or losses in general elections are usually not considered a valid criterion in this party.

And what will be the consequences of the FKP split as far as the country is concerned? For selfish reasons, of course, the Social Democrats and the nonsocialist parties can rejoice in the decline of the Communists. But considering the political situation as a whole, the labor-market situation and even foreign policy, two angrily competing Communist parties are not something to be desired. Our relations with the Soviet Union are not dependent on the Communists per se, but two Communist parties possibly competing to score foreign policy points and gain favors are not exactly an asset.

Taisto Sinisalo and Jouko Kajanoja made an interesting comment in Tammerfors with respect to the 1988 presidential election: they indicated support for the reelection of Mauno Koivisto, Sinisalo for the simple reason that Koivisto is the only potential candidate to have guaranteed that he will cooperate with the Soviet Union in terms of foreign policy. This was a very special statement at a time when support is gathering to nominate the present foreign minister to presidential candidate for the Center Party.

If the Taistoits really do support Koivisto--while criticizing his foreign policy leadership as passive and "West-oriented"--it seems certain that Koivisto is the common candidate for all the leftist parties. This provides an interesting scenario--which Koivisto himself may not be completely enthused about.

For now, the Communist opposition's involvement in the presidential election may be added to our long list of questions. To this list we can also add a document formulation adopted by the Tammerfors congress, which reads: "The importance of the Communist Party is growing."

Somehow this does not sound quite credible.

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POLITICAL

FRANCE

#### DUHAMEL VIEWS CITIZEN REACTION TO COHABITATION

Paris LE MONDE in French 11 Jun 86 p 2

[Article by Alain Duhamel: "The End of the Prince-President"]

[Text] The cohabitation has been practiced thus far by most of the political figures as if it were a passing interlude, a baroque transition, an uncomfortable bizarre phenomenon, and even against nature. From 1958 to 1986, the imperial presidency lasted 28 years, created habits, and fashioned attitudes. The great majority of the first-, second- or third-rank political actors thus imagine that with the next presidential election the intermission will end, and the play resume where it was interrupted, unalterable.

In their view, the head of state will again become the lord and master of the hexagonal stage. He will recover all his consular prerogatives. The cohabitation will have been only a bad dream. The institutions of the Fifth Republic having demonstrated their elasticity, the division of powers will once again concentrate in the Presidential Palace, not only the sovereignty and supreme influence, but the reality of the daily authority. The head of state will become once again the most powerful of the republican monarchs, the prince-president.

Right Bank, Left Bank

However, nothing is less sure. On the contrary, one may wonder whether the current experience, upsetting and contorted as it is, does not mark the end of an epoch (the epilogue of the absolute president). The current sequence is certainly a transition, but one that could lead to the redefinition of the powers of the executive. And what if, after the reign of the enlightened despot, there sounded the hour of the constitutional president?

There are several signs in this direction. First, a lesson in things: there were indeed two readings, two interpretations, and above all two applications of the Fifth Republic. The one was known, here is the other.

With the cohabitation, the president does not disappear, does not fade away. He is still the possessor of the republican legitimacy, he comanages the foreign policy, he retains a strong appeal power (by addressing the French people when he wishes, or by causing elections), he inspires a strong

opposition party, and he exercises arbitral magistrature. However, at the instant when he is no longer leader of the majority, the basic element of the executive power crosses the Seine and transfers from the Presidential Palace to the prime minister's office.

The prime minister does not reign, but governs. The initiative on laws, the regulatory power, administrative authority, and mediating influence pass into his hands. The key to power lies less in the laws than with the commander in chief of the parliamentary majority. One could foresee this before 16 March. And today it is confirmed. The monarch resides on the right bank, and the political power on the left bank.

Yet, contrary to the political figures, the French people are accommodating very well to this new division of tasks. The voters like this new sharing of power. As good legitimists, they approve of the behavior of the leaders who, on the left and on the right, are playing the game.

The very principle suits them to a T. They do not like power imbalances, the perpetual election campaigns, and the constant psycho-dramas. All the polls demonstrate this: they would like a president who presides, a government that governs, a parliament that legislates and checks, and a constitutional council that keeps watch over respect for the institutions. The political tautologies do not alarm them. They have an innate sense of balance.

#### Revealer

We too often listen to the 2 percent of citizen political party members who pound the rostrum, sound the bugle, and roll their drums. We do not listen enough to the voters, who were cohabitationists without knowing it well before 1986, and who voted opposite in the local and general elections, as if to moderate the one and the other, and awarded to the victors of the decisive elections (the presidential and legislative) only small majorities, as if to signify that they were loaning power but not giving it.

Thus, the profile of the cohabitation should not be regarded as only a temporary incongruity, or as an exercise in flexibility of the institutions, but also as a revealer. In 1981, the French people revived the alternation, in 1986 they discovered cohabitation.

That does not mean that they have given up the taste for stability, or preference for a strong executive power. But they confirmed that a different division of powers was possible, which responds to another of their expectations: separation of the power that symbolizes and unites from the power that commands and leads. From this (re)discovery, three new courses may emerge that all involve a redefinition of the borderlines between the presidential palace and the prime minister's office.

First, contrary to what is regarded as a given, it is not definite that the future presidential election will immediately put an end to the cohabitation. The new electoral law limits the majority bonus. The French have a taste for the present experience. Perhaps they will get tired of it, but it is not totally unimaginable that having picked a new head of state they may elect an

opposite parliamentary majority, now that they know the practicable, if not practical, formula.

And then if, as logic would lead, they chose a unison president and parliamentary majority, would the memory of the cohabitation vanish immediately? Would the head of state be able to ignore the lessons of profit and loss, and would he not be persuaded to turn back to this prime minister at least a part of his powers? Would he not prefer at the minimum to return to the early days of the Fifth Republic when General de Gaulle, while himself concentrating on a few major political issues, left to Mr Michel Debre the task of daily promotion of the government and the numerous reforms?

Finally, the cohabitation, by the nostalgias it awakes and the difficulties it creates, has revived the presidential temptation. Reduction of the length of the presidential term is a topic in fashion which stimulates the movement. Some pursue the reasoning to its ultimate conclusion and foresee the establishment of an American-type regime with separation of powers, elimination of the right to dissolve the prime minister post, governmental responsibility, and creation of a vice presidency. This time, it amounts to a real revisionism, though certainly still in the minority. However, whatever hypothesis finally prevails, the cohabitation, far from being a secondary phenomenon, could have sounded the knell of the prince-president.

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POLITICAL

FRANCE

#### FABIUS DESCRIBES PSF STRATEGY TO REGAIN POWER

Paris LE MONDE in French 13 Jun 86 p 8

[Article by Laurent Fabius: "About Reconquest"]

[Text] For the current government, it is not a state of grace; it is no longer a state of waiting; it is already defiance. We ourselves have a maximum of 2 years to complete the reconquest. Two years is a short time. That assumes that we accomplish several stages without making a major error.

The first determining factor will be, is already, our attitude in opposition. With the 1981-1986 legislature, we entered a new political period in which alternation, it seems to me, is becoming the rule in France. The consequence: the opposition no longer exercises only an opposing function, it is tomorrow's potential majority. It remains for the population to reidentify with that opposition. Basically, and in tone. We must condemn acrobatics, but avoid lampoonery.

In this regard, I want to explain to you my view on the government's economic action. I will avoid any criticism of certain measures it has taken and which are along the line of those we had already started: for example, when it furthers the liberalization of trade or seeks to lower interest rates, it is right. These are measures that we started and which I would have continued if we had won the elections.

I am much more ready to give a severe evaluation of the major errors that it is in the process of committing. On the one hand, if it has an economic policy, it does not have a social policy. It demolishes, it does not construct. Its theory is that of confidence, however, it is a hemiplegic confidence, based mainly on the amnesty and the untaxation of some. It weakens wage-earners and tenants. It spreads the efforts unequally. Yet, no real confidence exists without a balanced policy.

The other criticism that one must make of it, on the economic level, is that it is wrong about which decade it is in. In a situation in which it should be emphasizing creation of wealth, it is promoting speculation. Where it should be strengthening the future, it is cutting off funds for scientific research and technology. And it reserves the bulk of available financial resources for buying out public enterprises, rather than devoting them to supply of new

funds for our industry. I reproach this government not only for being unfair; I reproach it for being backward.

In order to win back the majority, another phase will depend on our program. We must draw the lessons of the period that has passed, and take into account a world that is changing. But first, we should indicate whether for us a return to the government will involve systematic cancellation of all that was done before us, or whether we will reject this kind of gigantic governmental ping-pong game.

Personally, I will urge pragmatism. There is the risk of the issue arising, for example, in respect to possible renationalizations. It would be my view to handle it when the time comes without a spirit of system and as a function of context and industrial justifications, so as to avoid making these enterprises an ideological punching ball. However, if the error of privatizing TF-1 is carried to conclusion, I would rather favor, in the interest of balance and pluralism, bringing TF-1 back into public service.

We will also have to take up again the central issue of education. It is the crucible of equality of opportunity and the real heart of the future. The school issue cost us a great deal. It would not make sense to start off again in the same way. We should at the same time respect the lay character, a modern lay character that is not the decision of this one or that one, but which guarantees freedom of choice, and should concern ourselves above all with the content and quality of teaching. Let us stick with the objective we set of 80 percent of an age group to be at secondary school graduation level in 15 years. Let us identify the concrete resources. This is a major ambition.

First of all, we should obviously provide convincing answers to the huge problem of unemployment, because though we have embarked on the necessary modernization and launched numerous initiatives, and during the latest period of March 1985 to March 1986 had a 9-percent increase in productive investment and a virtual stability in wage-earner strength, we have not done enough. The advances in productivity, in the services sector in particular, are going to be astounding. I fear that the current government is about to run aground. We should take up the torch along with our European partners. It will not only be a matter of content, but also of method in preparing our decisions.

I urge a "social contract" between the social partners and the government, responding to a real problem that I tackled as prime minister. Either one governs by unilateral decisions, with the difficulties that that involves in adapting to the diversity of situations; or one seeks the contract, but one must have strong spokesmen, capable of getting involved, which is hardly the case today. The concept of the "social contract," which should be more thoroughly developed, would make it possible to respond to this difficulty.

In order to tackle the next elections, we will need powerful political training. A party that conserves its values and its memory, but which knows how to adapt to the new times, to the changing of the world and Europe. Lionel Jospin's approach appears good to me. We should strengthen the PS by modernizing some of its methods. This strengthening should be accompanied by

a strategy of opening up. Some who had been located on the sidelines have been rejoining us. The movement must grow: I think, for example, about the radicals on the left who must know that they would be, if they wished, very welcome among us. We do not require any passport. Any citizen can join us when he feels that there is nothing good about the current conservatism and that he is on the side of progress.

In this respect--and I return to our plan for a moment--winning back the majority assumes removing certain ambiguities. For a long time, our vision of the society, or of the caricature that has been given to it, identified a privileged actor: the workers "class"; it pointed out an adversary or scapegoat: "capital"; and it proposed as the ideal a transparent society, without power relationships, reconciled with itself. The evolution of the social structures and the new values located outside of work have led us to reject this caricature. "Big capital" is no longer a kind of universal scapegoat. Everyone--or almost everyone--has understood that the power relationships are linked to a great degree with the society itself.

If we want to develop a plan that can mobilize the greatest number, in a France where the "inactive" voters are now more numerous than the "active," we must address ourselves to all, wage-earners and nonwage-earners, both within the working sphere and outside it. We must recognize that social recognition cannot come only through work. We must propose to each individual that he be more of an actor of his life, capable of affecting his own future, while stressing our values, responsibility, equality, and expansion of opportunities, freedom, and solidarity, as well as the international dimension of problems.

A fourth stage will obviously be selection of our candidate for the presidential election. Personally, I have already made my feeling known. Francois Mitterrand is in the process of carrying out in our country the greatest economic, social and cultural change that it has experienced no doubt since General de Gaulle. He would be our best candidate, for a mandate that should be shortened anyway to better harmonize the presidential majority and the parliamentary majority. Naturally, the final decision will depend on him.

Opposition and not arousal; innovation and not remake; opening up and not inward turning; mobilization and not tearing apart: those are four objectives to be sought and four errors to avoid. As for the rest, it will be life that will change. France is a great country. The year 2000 is at our door. Let us get down to work!

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POLITICAL

GREECE

#### PASOK'S MUNICIPAL ELECTIONS STRATEGY

Athens EMBISTEVTIKO GRAMMA in Greek 4 Jun 86 p 3

[Text] As the time draws near for municipal elections the view that the movement must once again follow an ideological policy based, this time, on issues such as peace, living standards, etc., seems to prevail within PASOK. The main vehicle of this policy will be the so-called "medium-range plan of transition to socialism." Within the framework of the latter, the guiding exponents of the movement will mention the intermediate steps necessary "prior to socialism," and they will underscore that "steps and leaps towards a long-range objective necessitate the shaping of a favorable international public opinion as well as the choice of a policy of alliances and supporters who often extend into different areas and which also require an overall popular movement."

According to PASOK Central Committee member and officer of the Provincial Organizations Bureau, Mr. V. Malesios, the passage to socialism will depend on the means used and on the reactions of the international establishment. According to all appearances, the movement will use, as the keystone of its political strategy, several metaphysical elements, which, as we are told, cannot be refuted except by concrete proposals on important issues that can be implemented, but for a different ideological reason.

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POLITICAL

GREECE

#### TRENDS IN RECENT PARLIAMENTARY, MUNICIPAL ELECTIONS COMPARED

Athens EMBISTEVTIKO GRAMMA in Greek 4 Jun 86 p 4

[Text] According to a poll taken in the northern suburbs of Athens by a well-known polling firm that wishes to remain anonymous, "New Democracy" shows a substantial rise in its political influence in many areas. The same thing is happening to the KKE (Int), while DI.ANA, depending on the area, reaches percentages that fluctuate between 3 and 6.5 percent. The KKE maintains its strength at the same level that it did in the 1985 parliamentary elections and PASOK shows a drop that fluctuates between 2.6 points in Marousi and 6 points in Pevki and Nea Ionia.

It should be noted that, in the 13 municipalities shown below, according to the 1982 municipal elections, eight PASOK mayors were elected (Psychiko, Khalandri, Ag. Paraskevi, Kholargos, Irakleion, Erythrea and Metamorfosis), three who were friendly to PASOK (Marousi, Kifisia, Pevki), one to New Democracy (Papagou) and one of the KKE (N. Ionia).

In these municipalities the victory was marginal: in Kifisia, the PASOK-KKE-KKE (Int) coalition candidate won by 266 votes over the N.D. candidate's. In Nea Ionia, the communist mayor won by 116 votes over his PASOK-KKE (Int.) opponent's and, conversely, the present mayor of Metamorfosis won by 130 votes over his communist opponent's.

More specifically, in the past 5 years the political correlations in the northern suburbs in the various electoral contests were shaped as follows:



Comparative Table Showing Percentages by Party in the Elections of 1981, 1982 and 1985

|              | Parliamentary Elections 81 |       | Municipal Elections 82 |              | Parliamentary Elections 85 |       |
|--------------|----------------------------|-------|------------------------|--------------|----------------------------|-------|
| Marousi      | N.D.                       | 33.40 | N.D.                   | 13.96        | N.D.                       | 42.28 |
|              | PASOK                      | 47.99 | PASOK-(Int)            | 33.11(55.37) | PASOK                      | 42.81 |
|              | KKE                        | 11.80 | KKE                    | 18.60        | KKE                        | 10.22 |
|              | KKE(Int)                   | 2.29  | IND                    | 22.60(44.63) | KKE(Int)                   | 3.48  |
|              |                            |       | IND                    | 10.77        |                            |       |
| P.Psykhiko   | N.D.                       | 48.47 | N.D.                   | 44.38        | N.D.                       | 64.38 |
|              | PASOK                      | 30.28 | PASOK-(Int)-KKE        | 55.62        | PASOK                      | 24.04 |
|              | KKE                        | 6.28  |                        |              | KKE                        | 5.29  |
|              | KKE(Int)                   | 4.15  |                        |              | KKE(Int)                   | 5.36  |
| N.Psykhiko   | N.D.                       | 33.66 | N.D.                   | 39.90(42.33) | N.D.                       | 44.97 |
|              | PASOK                      | 45.24 | PASOK-(Int)            | 44.32(57.67) | PASOK                      | 40.45 |
|              | KKE                        | 11.06 | KKE                    | 15.78        | KKE                        | 8.56  |
|              | KKE(Int)                   | 3.17  |                        |              | KKE(Int)                   | 4.20  |
| Khalandri    | N.D.                       | 30.19 | N.D.                   | 34.28(36.64) | N.D.                       | 39.47 |
|              | PASOK                      | 47.68 | PASOK-(Int)            | 46.26(63.36) | PASOK                      | 43.77 |
|              | KKE                        | 13.23 | KKE                    | 19.46        | KKE                        | 11.26 |
|              | KKE(Int)                   | 3.07  |                        |              | KKE(Int)                   | 4.21  |
| Papagou      | N.D.                       | 49.80 | N.D.                   | 52.68        | N.D.                       | 64.97 |
|              | PASOK                      | 29.34 | PASOK-(Int)-KKE        | 28.47        | PASOK                      | 32.26 |
|              | KKE                        | 2.74  | IND                    | 18.84        | KKE                        | 2.76  |
|              | KKE(Int)                   | 3.52  |                        |              | KKE(Int)                   | 5.30  |
| Ag.Paraskevi | N.D.                       | 32.44 | N.D.                   | 22.58(42.16) | N.D.                       | 42.63 |
|              | PASOK                      | 46.57 | PASOK-(Int)            | 30.56(57.84) | PASOK                      | 41.67 |
|              | KKE                        | 13.08 | KKE                    | 18.60        | KKE                        | 10.51 |
|              | KKE(Int)                   | 2.50  | IND                    | 19.00        | KKE(Int)                   | 3.99  |
|              |                            |       | IND                    | 9.26         |                            |       |
| Kholargos    | N.D.                       | 30.08 | N.D.                   | 31.69(38.61) | N.D.                       | 40.21 |
|              | PASOK                      | 44.80 | PASOK                  | 31.47(61.39) | PASOK                      | 41.40 |
|              | KKE                        | 15.79 | KKE                    | 26.86        | KKE                        | 11.92 |
|              | KKE(Int)                   | 3.88  | KKE(Int)               | 9.98         | KKE(Int)                   | 5.19  |
| Kifisia      | N.D.                       | 37.85 | N.D.                   | 48.72        | N.D.                       | 48.85 |
|              | PASOK                      | 41.90 | PASOK-(Int)-KKE        | 51.28        | PASOK                      | 37.62 |
|              | KKE                        | 12.19 | Difference             | 266 votes    | KKE                        | 9.62  |
|              | KKE(Int)                   | 2.56  |                        |              | KKE(Int)                   | 3.22  |
| N.Ionia      | N.D.                       | 20.65 | N.D.                   | 21.12        | N.D.                       | 26.08 |
|              | PASOK                      | 47.91 | PASOK-(Int)            | 36.13(49.82) | PASOK                      | 47.89 |
|              | KKE                        | 25.72 | KKE                    | 41.34(50.18) | KKE                        | 21.71 |
|              | KKE(Int)                   | 2.87  | IND                    | 1.41         | KKE(Int)                   | 3.36  |
|              |                            |       | Difference             | 116 votes    |                            |       |

Parliamentary Elections 81    Municipal Elections 82    Parliamentary Elections 85

|             |          |       |             |              |          |       |
|-------------|----------|-------|-------------|--------------|----------|-------|
| Irakleion   | N.D.     | 26.74 | N.D.        | 26.87(33.29) | N.D.     | 33.07 |
|             | PASOK    | 48.12 | PASOK       | 35.06(66.71) | PASOK    | 46.73 |
|             | KKE      | 17.95 | KKE         | 26.40        | KKE      | 16.28 |
|             | KKE(Int) | 3.47  | KKE(Int)    | 11.68        | KKE(Int) | 3.98  |
| Pevki       | N.D.     | 26.42 | N.D.        | 29.71(36.92) | N.D.     | 36.66 |
|             | PASOK    | 50.07 | PASOK-(Int) | 39.59(63.08) | PASOK    | 46.73 |
|             | KKE      | 16.36 | KKE         | 23.95        | KKE      | 12.21 |
|             | KKE(Int) | 2.97  | IND         | 6.75         | KKE(Int) | 3.53  |
| Erythrea    | N.D.     | 21.12 | N.D.        | 20.32        | N.D.     | 27.48 |
|             | PASOK    | 57.73 | PASOK-(Int) | 49.45(52.22) | PASOK    | 55.58 |
|             | KKE      | 16.80 | KKE         | 30.23(47.78) | KKE      | 13.31 |
|             | KKE(Int) | 1.68  |             |              | KKE(Int) | 2.78  |
| Metamorfosi | N.D.     | 22.26 | N.D.        | 25.83        |          |       |
|             | PASOK    | 51.33 | PASOK-(Int) | 36.27(50.95) |          |       |
|             | KKE      | 21.18 | KKE         | 37.90(49.05) |          |       |
|             | KKE(Int) | 1.42  | Difference  | 130 votes    |          |       |

N.B. PASOK-(Int) indicates the coalition between PASOK and KKE(Int)

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POLITICAL

ITALY

# PSI'S MARTINELLI SUPPORTS JUSTICE REFERENDUM FOR REFORM

Rome AVANTI! in Italian 24 May 86 pp 1, 3

[Article by Claudio Martinelli: "Consensus Growing on Justice"]

[Text] The party's two days of mobilization. Even judges are signing the referendum petitions. It is a moral, cultural and political challenge.

The halfway point has been reached in gathering signatures for the justice referendum. Thousands upon thousands of citizens have already shown their support for the initiative by signing petitions, taking part in meetings, and talking with members of the three parties that have been promoting the referendum.

We support this cultural, moral and political initiative with conviction and determination. The struggle for "just justice" goes along with three fundamental objectives for reforming the country: reforming the judicial system, reestablishing a balance between political and judicial power, and establishing conditions for greater transparency in political methods and behavior.

In this campaign, the PSI has profound motives that are a part of its history and origins, because the basic principle of reform-minded socialism was and is to build a just society. It calls for questioning, study, instruments, ideas, and projects enabling society to evolve and improve according to the criteria of equity, respect for individuality among people, and efficiency in the legislative and administrative branches.

We have promoted the referendum in a manner consistent with our history as a party of reform. Since the parliament and legislature were and still are paralyzed on the issue of justice, we have decided to appeal to public opinion as a part of the lay, socialist bloc in parliament and government. The result has been consciousness-raising, which will continue, given the difficulties and obstacles that are preventing parliament from passing good and prompt legislation on this issue.

In these two days of special mobilization, Socialist Party members have been calling for an intensification of contact work, discussions, and meetings with the people. In all towns, cities and villages, the Socialists are making people aware of the ills that afflict Italian justice and move us farther away from rather than closer to Europe in this most delicate area.

At the end of this period that has been so difficult for Italian democracy and that has earned the sobriquet "the years of lead," a further distorting factor has been added to the already feeble machinery of Italian justice: the increasing misuse of power by some sectors of the judiciary. The judicial system was already giving cause for concern because of the millions of civil suits not being heard, the thousands of detainees awaiting arraignment, and a disastrous incarceration system. In addition, sharp blows have been dealt to the public's confidence in the fairness of the law: the magistrate who takes upon himself the powers of both the police and the judiciary inevitably weakens the rights of the defense. In other, related areas, an investigative commission concealed operations of national government ministries, and a superior counsel of the judiciary could not resist the temptation to transform himself into a "parliament" of that branch of government.

The initiative defines the judiciary and politicians as playing separate roles within today's society. More clearly than ever we warn that this society needs modernization, transparency, and intolerance for ineptitude and prevarication.

Two out of the nine days of this campaign have been devoted to hastening the success of a great battle for democracy, for juster justice, and a new horizon of development for all Italian society.

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POLITICAL

ITALY

# NAPOLITANO STRESSES EUROPEAN ROLE IN PCI FOREIGN POLICY

Rome RINASCITA in Italian 7 Jun 86 pp 3-5

[Interview with Giorgio Napolitano by Massimo Ghiara: "To Act as a European Left"; date and place of interview not given]

[Text] The recent developments in the international situation seem to call into serious question the spirit of the Reagan-Gorbachev summit. There is doubt that the Americans really want an agreement. More urgent than ever is the need for a change in the general context and rationale of international relations. Europe's role in the context of East-West relations. The crisis in the Mediterranean and the government's foreign policy. American options and European ambiguities on the SDI [Strategic Defense Initiative] and chemical weapons. The clear terms of our membership in NATO.

[Question] We are faced with an international situation that is loaded with tension and danger. It is especially worrisome when we think of the climate of hope and optimism following the Reagan-Gorbachev summit of last November. I ask you, what is left of that spirit? Is it still possible to get back on the road to detente, or must we resign ourselves to another historic disappointment?

[Answer] Recent developments in the international situation do seem to call into question the spirit of Geneva and the possibility of a concrete and consistent development of its premises for generally improving East-West relations and beginning to find solutions to some crucial problems.

We don't have all the information we need to give an opinion of the course of negotiations in Geneva in the period following the Reagan-Gorbachev meeting. However, it seems obvious that negotiations have been difficult. The pace at which they have proceeded is itself disappointing, given the expectations aroused by the summit; nor is there any doubt that the U.S. administration has taken disruptive positions and actions--suffice it to name the raid on Libya--that have given rise to new tensions in relations with the USSR.



Questions therefore arise concerning the actual attitude of the highest-level U.S. officials. And questions of a more general nature also arise. As for the former, it is not a matter of simplistically welcoming some Soviet declarations and proposals as a sign of a concrete possibility of agreement between the two superpowers. We are well aware of the fact that there may be a difference between those declarations and proposals and the extremely complex terms of the negotiations in progress at Geneva. But the question does appear to be warranted whether the American leaders are really willing to engage in genuine, good-faith negotiations.

We also have to wonder what has been happening with the Americans, whether groups and policies are in conflict under the uncertain leadership of the President. I was struck by the anxious tone of an American delegate at a recent meeting of the North Atlantic Assembly: he spoke of the necessity for the U.S. delegation in Geneva to be open to the Soviet delegation, however difficult it might be, and even urged it to seize the "historic opportunity" that was being presented there.

[Question] You also mentioned more general questions.

[Answer] Yes. Broad strata of public opinion and the political forces in Italy and Europe are worried and concerned, and there is a sometimes dramatic gap between this and the hard, slow, problematic process of making positive and substantial change in international relations. In recent years, both high- and low-placed people in western Europe have become aware of the extreme risks to which the very fate of the world is being exposed by the deterioration of East-West relations, the persistence of the exasperating arms race, and the spread and worsening of regional crises that tend to get out of control. Hence the pressure that last November's summit partially responded to and that Reagan himself, I want to add, felt it necessary to respond to.

But we know what happened afterwards. Then the Chernobyl disaster occurred and raised in another way the great question that must be answered, namely that of a change in the general context and conduct of international relations. A phase of increasingly perverse confrontation must give way to a phase of necessary, obligatory and vital cooperation to confront the suspicions and dangers that no superpower or politico-military bloc or ideology can overcome by itself.

[Question] Yet Gorbachev's recent statements seem to show an awareness of this necessity.

[Answer] No doubt. He has shown that he has explicitly abandoned any presumption of self-sufficiency and even the old view of "competition" between the two camps in recognition of the fact of growing interdependence. But beyond the responsibilities of either side, there remains an impressive gap between the necessity for such a change and the way things are going, the way in which the main protagonists are still acting on the international stage.

[Question] In short, there has been backsliding since the November summit, and there is no encouraging sign in sight. Does pessimism then win out all down the line?

[Answer] No, my opinion is not pessimistic, because I see many forces in various areas that appear to be aware of the need for change and of the serious resistance and sluggishness opposing it, and they do or may react to it. I am talking of masses of men and women, social and cultural forces, political forces and even national government forces. But the seriousness of the divergence I spoke of must not be overlooked. I would also like to add that we must be wary of a possible split between movements expressing a strong aspiration for peace and disarmament in simple, general terms and political behavior or, in a broader, more objective sense, real developments in relations and dealings between nations, primarily between the two superpowers. For example, the negotiations are a cold, technical contest of mind-boggling figures and estimates of nuclear and other arsenals amassed by both sides, and the actions of political forces appear to be especially affected by these facts and data; such negotiations may cause profound misunderstanding and dig an abyss.

Now, I think that it is up to a political force like ours to do as much as it can to develop autonomous, deep-rooted and continuing mass movements of public opinion. These movements should be cultural and political ones favoring peace and disarmament. At the same time we should spread the realization that the objectives are complex and must be pursued gradually in order to give substance to a process that is, anyway, heading in the right direction. All responsible political forces should act unequivocally with respect to the basic requirements faced by whoever is seriously concerned and is ready to take extreme risks for human civilization. And they should also be clearly inspired by comprehensible, concrete criteria in setting the terms and times of negotiation and of change in international relations. That is the task of a party such as ours.

[Question] It seems to me that this is not the first time we have considered this. This concern has been very much present for years now.

[Answer] It was certainly one of Berlinguer's prime concerns. He had a passion for confronting the problems of war and peace in all their magnitude, setting forth proposals for long-term progress, and building a new international order. He combined this with a scruple for extreme realism and concentrated on concrete action in taking immediate even though minimal effective steps to seek out common ground for the solution of the most pressing problems so as to make gradual progress within the general framework of international relations.

I think that at this moment it would be proper to remember as more relevant than ever Berlinguer's contribution on some points: his criticism of the "logic that has dominated the relations between the two superpowers," his denouncing the risks of bipolarism and the risks inherent in a perverse competition between the Soviet Union and the United States, his seeking to replace it with a new conception of security and, last but not least, his emphasis on western Europe's role. These initiatives were further and consistently developed at our party's 17th congress, and recent events have confirmed them as being correct.

[Question] Many parties now recognize the absurdity of delegating to the two superpowers alone the negotiation of issues on which many have something to say, issues that concern the fate of the world. There should be broader participation by other countries. You have spoken of a role and a place for western Europe. Does this place exist, and what are the conditions for keeping it open?

[Answer] I think that despite everything western Europe does carry weight in opening new avenues and possibilities of detente between East and West. True, we cannot avoid the risk of these possibilities' being blocked. It is urgent that the European Community and the countries of western Europe generally have a renewed capacity for autonomous initiative. Signs of concern and responses to the most negative developments of Reagan administration policy in recent months have not been lacking, but the contradictions and limitations that have emerged make a critical and articulated judgment necessary. Western European governments have differed among themselves in the actions they have taken, and in each country there have been and still are different opinions and even bitter political conflict over the position to be taken concerning U.S. positions and pressures and such extremely delicate and serious issues as participation in SDI or chemical weapons.

The debate over the role of western Europe in detente, disarmament, and peace therefore falls primarily to the forces of the Left, which also pay the greatest possible attention to positive attitudes shown by other European political forces.

[Question] Here, then, is broached the theme of the European Left and its possibilities for action in affirming new directions in international politics. Are these possibilities concrete? Has anything recently indicated that we have real options in this matter?

[Answer] The PCI should carry forward with great conviction and consistency and in a planned and systematic way the option and direction that may have characterized the Florence congress better than any other. We need to act as an integral part of the European Left. We need to use all events and occasions to compare and harmonize positions and initiatives that may acquire weight and impact in individual countries, in European institutions, in other international organizations and in public life that will help contribute to resolving issues and serious and dangerous crises as well as creating real and positive negotiations and relations between East and West.

If we look at the experience of recent meetings, if we look at policy statements or concrete positions taken on such significant events as the Mediterranean crisis, we see confirmed our opinion that convergence is possible between many forces of the European Left.

[Question] There are many factors feeding international tensions. What do you think are the most burning issues that should be faced by the democratic forces that you have listed, beginning with the European Left? What priorities do you see as concerning this country?

[Answer] For Italy, the most agonizing priority is still the risk of war in the Mediterranean. We have had cause to note how ambiguous and worrisome the results of the Tokyo meeting are. We do not know what the future holds in store for us concerning a possible resurgence of international terrorism or what its origin and kind may be. There is no doubt that at the European level a more responsible and correct view has prevailed of the ways in which the necessary struggle against terrorism is to be conducted, although there have been contradictions and differences of opinion on this. But the American approach has been quite different, and it is hard to say whether it has even yet begun to soften. The option of new and even more adventurous military retaliation is in no way being held back, and it is hard to foresee a new European initiative toward the Arab world to renew the possibility of dialogue and negotiations on the ever more tragic and burning Palestinian issue.

What does Italy, especially, intend to do about this. in the special, particularly exposed and risky role it may have to play in the Mediterranean? Our question is directed to the PSI in the context of a general discussion of detente and peace in which we and the European Left are all involved, but it is also directed to the other political forces of the government. In the same spirit, the PSI, especially, is also called upon to refrain from proposing that Italy join in a sort of general agreement to collaborate with the United States on the SDI; the proposals are fraught with ambiguities, but even so, they are seriously disturbing. At this time, finally, we are addressing to the PSI and all the parties in the majority a very strong demand for a serious clarification of the position taken by the Italian government in NATO on the American request for formal approval of renewing the production of chemical weapons.

[Question] Yet these concerns do not seem to have troubled the DC secretary; on the contrary: in congress, De Mita called for a priori solidarity with the United States and accused the PCI of ambiguity about international alliances.

[Answer] Yes, in his report to the DC congress, De Mita dealt with the subject of Italy's international alliances in outdated, mechanical terms. He probably had various reasons for doing so, but he especially precluded cooperation with the PCI. It was a clumsy but serious maneuver that we must respond to vigorously in light of the policies that our 17th congress set forth and has further clarified. We feel we have quite a broad view of world problems and prospects in a historical phase that is fraught with the most difficult and obscure unknowns. An important one, for example, is unequivocal commitment on the great issue of North-South relations. The industrialized countries are still very far from adopting a positive, far-seeing position on this issue, and we feel we must bring our work and initiative up to date on this subject and get it going again.

In this general view we are unequivocally convinced that Italy's participation in NATO cannot be called into question and that a party such as ours must make critical and constructive contributions and responses to change and to resolving the serious problems facing the Atlantic alliance, particularly as concerns relations between Europe and the United States.



No party can be in government in Italy or Europe without having a policy on security and aspects of defense or without discussing and harmonizing it with the other member countries of the Atlantic alliance. We are more aware of this than ever. If I may put in a word concerning a recent debate, I will say that it is not the parties, obviously, but the national government that signs a treaty of alliance or participates in a politico-military bloc. But since Italy is in the Atlantic bloc and the Communist Party is a candidate to govern the country, the party acts accordingly, in the sense that it leaves no doubt about the policy it intends to follow in this context and states its own role as clearly as possible. It does this also with respect to the other bloc, led by the USSR. It does not overlook the fundamental diversity of association when it welcomes and entreats the Italian government and Atlantic alliance to welcome the opening given by the new Soviet leadership. No duplicity, then, and no desire for neutralism.

But that is not the point: the point is that discussions have been opened, despite De Mita's showing that he is unaware of it, between and among European and American political forces on the strategy and rules of the alliance. This discussion cannot fail to touch also on the subject of the status and use of NATO and American bases in Italy, as the cases of Sigonella and, more recently, Lampedusa, have dramatically emphasized. It is a discussion in which the SPD is not the only party that has been involved and has been strongly critical.

[Question] Even on this point, De Mita has sought to minimize...

[Answer] Not only the SPD, as I was saying, but also the most diverse forces of the European Left and forces not of the Left, such as the Christian Democrats in Holland and the Liberals in Britain. It is a discussion in which men and groups representative of the U.S. Congress and public opinion have expressed reservations and objections to the thrusts of the Reagan administration that are creating acute tensions in relations between Europe and the United States.

As for us, we do not intend systematically to worsen these tensions. We are quite aware of the complex problems and the risks they pose. But we certainly consider one thing unacceptable as being the grossest kind of propaganda and as holding serious political implications, namely De Mita's appeal to outdated, vassal-like support of any action by any American administration. That is no way to serve the interests of this country, Europe or peace.

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POLITICAL

PORTUGAL

#### BALANCED ATTITUDE IN GULF WAR REVIEWED

Lisbon TAL & QUAL in Portuguese 23 May 86 p 6

[Article by Joao Isidro: "Portuguese Bullets Affect Business"]

[Text] Lately, the war effort has forced Iraq to slow somewhat the pace of construction of modern infrastructures. It was especially in this sector that thousands of Portuguese immigrants worked. When the call for cutbacks went out, which were not as large as one might suppose, given Iran's constant attacks, the first taste of austerity went to the smallest business partners.

In Portugal's case, this was accompanied by an additional allegation: Some arms and a lot of ammunition leave our ports headed for Iran. And sensitivities in Baghdad are extremely delicate with regard to this subject.

For officials in Lisbon, the answer was simple: "Perhaps" some weapons that arm the ayatollahs' forces have their origin in Portugal, but the truth is that trade relations with Iraq are few. Thus one is created a fish-with-its-tail-in-its-mouth diplomacy, each one accusing the other of starting the vicious cycle.

Both sides claim that the relationship is wonderful. Misunderstandings are soft-pedaled, because our weapons industry is not capable of furnishing sophisticated materiel capable of shifting the war's momentum towards either Baghdad or Teheran in a conventional war such as the one in which they are engaged. But all factors of both parties offensive capabilities play against each other, no matter how irrelevant they may be. Anything that is said concerning arms takes on top importance for the Iraqis. The latest population figures for Iraq and Iran are 4 years old and give fewer than 14 million inhabitants for Iraq, compared to more than 40 million for Iran. Only the advantage in arms and the superior organization of Iraqi forces have made it possible for Iraq to endure the war and pursue development.

As for arms sales, Iraq wants to be the only purchaser; or alternately, it wants all countries to adopt a policy similar to that of the United States: no arms for either side. The Reagan administration dispensed with the advice of having good relations with Iran, Russia's traditional adversary, centuries ago, at the same time that it removed Iraq from the black list of "countries suspected of harboring international terrorism." At the end of April, the

Iraqi press hailed the imprisonment in the United States of an Israeli general in the reserves, caught in the act of organizing arms smuggling to Iran . . .

This is the policy that interests Iraq, and that, in counterpoint to what is taking place now, is being given as an example to the Portuguese. At the beginning of May, a military man and an engineer who were guests in Baghdad began one more series of talks with Iraqi officials. It is assumed that the topic of conversation was arms deals.

As long as a new shipment is on hold, Portuguese citizens contracted by Mr Plosar, the German owner of the Plogarve company, are working on state construction projects located in Faluja, near the highway that links Baghdad to Jordan, after having finished building the University of Jadiriya. Some of them are afraid that the same thing will happen to them that happened to the Egyptian workers in Iraq, who used to be able to transfer 75 percent of what they earned back to their homeland, but who 2 months ago were limited to sending back only 25 percent. This measure led to the exodus of half of the more than 2 million Egyptians residing in the country.

A first step toward regaining large construction projects in Iraq was taken recently when Profabril won the bid to build a section of Baghdad's subway system. The contract is yet to be signed, "but the Portuguese are ardently committed," Dr Pyrrait, the ICEP representative, assured us in Baghdad. With controversies surrounding arms sales combined with a never-ending war, the full return of our industry and our work force to the country of the "Thousand and One Nights" is on hold. The salaries in dinars are slipping away into the realm of the fable.

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POLITICAL

PORTUGAL

## CONSTANCIO PS VICTORY BRINGS CHANGES INTO FOCUS

### Repercussions on PRD

Lisbon EXPRESSO in Portuguese 7 Jun 86 p 2

[Article by Pedro d'Anunciaçao]

[Excerpts] As the victory of Vitor Constancio in the coming PS [Socialist Party] convention is already certain--Jaime Gama himself has publicly acknowledged defeat, after last weekend's election of convention delegates--doubts are starting to be raised within the PRD [Democratic Renewal Party] about the reasons for making plans for the party's future. And, based upon what we have been told by PRD sources, such doubts are not limited just to persons independent of Eanism or to members of the Consultative Council, but even include one or more of the party's representatives in parliament.

Oddly, such reservations arise precisely at the moment when Antonio Ramalho Eanes appears most determined to take over leadership of the PRD.

### Consolidation of Constancio Position

One prominent member of the Consultative Council told us specifically: "I think that if there are assurances that Vitor Constancio's victory in the PS is consolidated, the PRD should be disbanded." The same person felt that, in effect, the PRD was born from the need to take a middle-of-the-road position which had been vacated by the policies of Mario Soares while he was the socialist secretary general. The defeat of the party apparatus in the PS "primaries"--where those not hostile to Eanes (from Constancio to Guterres, including Soares Louro and former GIS [Socialist Intervention Group] members) now dominate--would not only make the PRD unnecessary, but it could weaken the position of Vitor Constancio (who, although overwhelming Gama for the present, will probably have to face Almeida Santos in the next convention; within 2 years) and would make it harder to establish a consistent alternative to the Cavaco government. This position, moreover, has various supporters, ranging from Eanist supporters outside the PRD to members of the parliamentary delegation.

However, there are those who advocate a quite different position, which can be summarized as follows: The PRD came into being with the intention of introducing a different kind of party behavior in Portuguese politics, for which it continues

to be justified. It is necessary, from that point of view, not to create an alternative to Cavaco, but rather an alternative to all existing political parties, including Constancio's, exercising a crucial influence, even with a limited number of deputies, through its position in the parliamentary center. Thus, it only remains to be seen whether the PRD can become well enough established to have an organization to make it operative. In such a case, Eanes is bound to advance, regardless of what happens within the PS.

#### Eanist Affinity for Cavaco

At the same time, we must bear in mind that Ramalho Eanes has shown considerable affinity for the prime minister, so that it is unlikely that he wants to establish himself as an alternative. In fact, he praised Cavaco constantly during his recent trip to Spain, at the meetings he held with political leaders of that country.

Eanes is even prepared for the inevitability of the PRD not again having a electoral score similar to that obtained on 6 October of last year (since 12 percent is already an excellent target for future parliamentary elections), without this discouraging him.

In any event, we have the recently founded PRD deeply involved in a new debate, which will lead it to a split of as-yet-unknown consequences: the choice between Constancio and Cavaco. Even if Eanes prefers to wait until the next elections without making commitments to the Left or to the Right.

Not surprisingly, throughout the party one sees a simple instinct for survival, with a view to holding on to positions already won. But in no way does this create an appearance of "rejuvenated political practice." It has not given the PRD that appearance in parliament (despite some good speeches on some important issues). And it has not created that appearance at the local level.

#### New Figures, Methods Anticipated

Lisbon SEMANARIO in Portuguese 7 Jun 86 p 3

[Article by Jose Teles]

[Text] There used to be a PS hidden within the PS. Dissatisfied, sullen, repressed, dreaming. A PS that did not dare speak what was in its heart because it loved the leader and did not want to oppose him. A PS forced to turn always a little more to the right, from convention to convention. Accustomed to giving in. That PS has ended.

This weekend's elections turned everything inside out. The losers of many battles won; the opposition majority within the PS spoke. A mutiny? No, Your Majesty: a revolution.

Who were the engineers of this about-face? What interests and alliances does the Constancio victory serve? Who will rise from anonymity to the limelight? What are the motives and origins of the "triumphant revolt"?



That is what we tried to find out. With little encouragement from the "victorious hosts," whose chief remains inaccessible to certain very curious reporters. Fortunately, taken individually, both new and old party leaders are still available to exchange ideas with reporters, without prejudice. Fortunately, memory and a critical sense are still "weapons" of the profession.

Who are today's winners in the PS? Some who were yesterday's losers, on different occasions.

Clearly, and in the first place, the personalities of the former secretariat group are returning, minus only Zenha and Arnault, who have gone far beyond some "legitimate ambitions." In the hour of need, all Constancio's former comrades in the adversities of 1981-82 answered the call: Antonio Guterres, in the first place (see below), but also Sousa Gomes, Nuno Brederode, Consiglieri Pedroso, Neves da Silva, and other public administrators. Also backing Constancio were Arons de Carvalho and Carlos Lage, Luis Filipe Madeira and Antonio Reis, Jose Niza and Soares Louro, Jorge Sampaio and Teresa Ambrosio. Altogether, today's winners are nearly all those who opposed the constitutional revision "negotiated" by Almeida Santos, defeated at the time but rarely convinced. They did not cease to struggle; some of them crossed the desert and have now found the oasis of victory.

#### Domestic Security, Labor Laws

A second component of the now-victorious army consists of the former "old guard" and the recent opponents of the Domestic Security Law: Alegre and Cardia, Tito de Morais and Edmundo Pedro. They were all members of the National Secretariat in the middle of 1976; many did not find a place in the leadership of the PS suitable to their individual qualifications. Although allies of Soares in 1981, and active members of the majority in 1983, none of them were in Soares' last cabinet. They will return to the shadow government, at least, now that they have won with Constancio.

A third influential--some would say "deciding"--component in the maneuvering that led to final victory was the "lobby" of the socialist leaders of the UGT [General Union of Workers]. On the front line of Constancio's supporters since the starting hour were all the socialist officials of that labor federation: Torres Couto, Vitor Hugo Sequeira, Henrique Coelho, Jose Mota and Joao Proença. The same ones who "drew the sword" in the times of the Central Bloc, in the Assembly and outside of it, against the plans to revise the labor laws, negotiated by Soares and Mota Pinto and repeatedly put on the agenda. They obtained victory for their cause even if it meant breaking up the coalition. That was not sufficient: we hear that in Gama's ranks there were many who then hesitated in opposition to such "renowned laws." The UGT threw itself into the Constancio campaign with all its strength, at a time when Cavaco Silva's reputation in the socialist and social democratic ranks was on trial. The UGT viewed with apprehension the appointment of Vasco Cal and Augusto Silva of the CGTP/IN to the EEC Economic and Soc'al Council. The UGT appears to fear the apparently cordial relations between the government and the "communist" federation. The UGT seems worried about the possible loss of its role as privileged interlocutor of the government in the administration and in the departments.



Other personalities were drawn into the alliance supporting Constancio against Jaime Gama for reasons we would simply consider patriotic. We are referring especially to political leaders such as Jorge Lacao, Rosado Correia, Coimbra Martins or Lopes Cardoso. They are well-known because of their statements in the cabinet or in parliament. Our readers know what can be expected of them, once more at the head of the PS.

#### 'Leaders Held Power; Members, Never'

And then there was the rank and file--that is what they were. Those dissatisfied, sullen party members who always trusted in Mario Soares and in his policies, who took the 6 October election results as a personal defeat. In the end they won, in the runoff election of 16 February. And they believe they can continue to win with "our greatest economist," comrade Constancio, leading the destinies of the PS.

During the campaign, Constancio was calm, affable and realistic. Without malice. His policies, in general, were considered unassailable by the average member of the Socialist Party. And because, despite this, he was so sharply attacked, he won the sympathy of all good self-respecting party members.

Well advised, he did not succumb to any of his adversary's provocations: he limited himself to capitalizing on his support, already considerable from the start. He was simply "a little more to the left" in a PS tired of "turns to the right," penalized because only some of its leaders held power. The rank and file, never. Tito de Morais put his finger directly on the wound that is the great frustration of many young leaders of the PS in relation to the PSD. Says the future chairman of the party: "I tried never to forget the solidarity that ties me to all comrades of the party, always choosing them as my co-workers in carrying out public responsibilities, without resorting to those outside the party, and I have never regretted this. In my judgment, we have the best people."

Other leaders, now defeated, could not lay claim to the same human and party solidarity.

#### Gama Supporters Already Have Eye on Headquarters

Supported by 80 percent of the convention delegates, Constancio will clearly have great difficulty in coming up with a universally acceptable list of appointees to the National Committee. And the malcontents, in protest, may change sides under cover of secret balloting. It is a known, measurable risk, especially if the criteria are known beforehand and the preparatory meetings--which will begin next week--are frank and open. Even so, and even if Constancio loses up to 10 percent of his support at the convention, Gama will still be below the threshold of survival as a "credible alternative."

Even this, however, will not prevent him from organizing his supporters, with his own headquarters and press facilities, and operating simultaneously. And the future headquarters of the Gama movement, with the knowledge of some of the founders, could well be the current headquarters of the Jose Fontana Foundation, in the process of dissolution. Difficulties--the founders include persons such as Zenha and Arnaut who might not favor such arrangements.

Constancio has another immediate difficulty--choosing his "shadow cabinet." And that is when the first malcontents will emerge.

#### Constancio's Seven 'Most Likely'

Antonio Guterres, the implacable. He was the heart of Constancio's candidacy, its tireless and systematic promoter since 1983. Many have spontaneously expressed a preference for Guterres himself as a candidate for secretary general: numerous letters received in Largo do Rato, before Constancio declared himself, testify to this. The PS member is attracted to the fame he kept under control throughout the administration of the central bloc: although supporting the policy of austerity, he refused each and every position dependent upon governmental appointment. His explanation: they lacked the qualitative compensations [of other positions] "where the dollar sign was not in command and the IMF was not the boss"--as he declared in the speech most applauded at the last convention.

He was the person most often requested by action groups for discussion meetings during the campaign--more often than Constancio himself. A fighter, well organized, bubbling with enthusiasm--he is considered a radical in the opposition ranks. For the winners, he is the greatest!

Torres Couto. He is presented in the UGT as the man who got Constancio elected and thus destined to fly high in the nation's political landscape. During the campaign he became known for the strongest statements in regard to both the adversaries and the press. He was spoiling the urbane image that Constancio was able to project. His support for Constancio goes hand-in-hand with a stronger opposition to the Central Bloc and Cavaco Silva. An attitude that could have consequences--although it is advisable not to exaggerate the importance of the UGT.

Nuno Brederode. He was one of the most trusted strategists and the negotiator in Constancio's behalf. The outcome speaks for his effectiveness. He is now emerging from the shadow of Sampaio, where he has remained during all these years since 25 April [1974]. He may join the PS executive group for the first time.

Joao Proença. Another revelation. Some took no notice of him when he appeared on television at the side of an Intersindical leader, in a debate with Veiga Simao. Constancio took notice. And brought him profitably into the nerve center of his campaign. Also probable for the new executive group.

Arons de Carvalho. Returns to a field where he has always been good: relations with the press. An essential element in the public launching of the campaign, from the very beginning. Will probably be responsible for this sector in the new executive group, a position he has already held.

Jose Manuel Galvao Teles. Influential in the COC, crucial in writing campaign literature, he was the jurist most trusted by Constancio. He may become a member of the executive group, unless for professional reasons he prefers merely to be chairman of the convention.

Manuel Alegre. The spokesman. On his own merits, of course, but also because of his well-known previous positions at Jaime Gama's side, on other occasions. Is sure of a position in the next executive group, if he so desires.

POLITICAL

PORTUGAL

FORMER PCP MEMBER NAMED TO CGTP/IN COUNCIL

Lisbon O JORNAL in Portuguese 6-12 Jun 86 p 21

[Text] National leader of the CGTP between 1977 and 1980, Antonio Jorge managed to do what no one else has thus far succeeded in doing: returning to the national council after having, in the meantime, left the PCP.

Antonio Herculano Ferreira Jorge is certainly one of the major novelties of the new national council of the CGTP, elected last Saturday. The reason is simple: he is the first PCP "dissident" to enter that body.

Antonio Jorge was a member of the Communist Party between 1974 and 1983, the year he left the party. "I left for reasons related to the labor movement," he explains to O JORNAL. "I believe the labor unions should be independent of the parties. That is the difference between a communist labor leader and a labor-leader communist... I was always considered--and rightly so--a communist labor leader: when I joined the party I was already a labor leader!"

A commercial supervisor, Antonio Jorge became 40 years old on the second day of the convention. Leader of the Porto Commerce and Services Union since 29 April 1974, he was reelected 2 weeks ago for the fifth consecutive time as chairman of its governing board. "We have a truly united union. Our current leaders include members of the PS [Socialist Party], the PCP and supporters of Pintasilgo. But ours is a defiant union, open to irreverence, which is necessary."

His critical attitude has caused him troubles: not being reelected to the national council in 1980; some tensions with the labor federation of Porto; several attempts to "force" his resignation from the union. He resisted everything. Today he is a popular and respected labor leader--there are UGT [General Union of Workers] unions at the swearing-in ceremonies and his return to the national council of Inter, where he enters through the "front door."

"In the federation, I don't include myself among either the majority or the minority," he told us, while commenting: "The convention permitted some errors to be corrected. A self-criticism--within quotation marks--was made."

In ideological terms, he admits to being a Marxist. "I am not a PCP dissident," he explains. "I have no hang-ups regarding the party."

8834

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POLITICAL

SWEDEN

DAILY PONDER'S TASKS OF NEW CENTER PARTY LEADER KARIN SODER

PM231104 Stockholm SVENSKA DAGBLADET in Swedish 18 Jun 86 p 2

[Editorial: "Karin Soder's Task"]

[Text] There can be no doubt at all that things will go well for Karin Soder personally as party leader. A Riksdag deputy since 1971; Party second vice chairman; foreign minister; party first vice chairman, social affairs minister. It is an experienced politician who has now become party chairman.

But will things also go well for the Center Party? Will Karin Soder be able to bring order to the confusion of views which has come to characterize the Center Party--and not just the picture of the Center Party--in the last few years?

It is easy to confuse the tributes now being showered on Sweden's first woman party leader with support also for the policies which she and her party represent. It is true that in 1985, 691,258 voters still voted for a Center Party candidate list, although probably a little over 100,000 of them were really voting for the Christian Democratic Coalition, but losses in the major population centers were on such a scale that the party now to a very large extent has the profile of a rural and agricultural party. If the Center Party is again to be able to play a central role in Swedish politics and not to appear a party of distinct regional policy representing particular interests, it must take account of changed economic and technological realities in a way that it has not done so far in the eighties. It has been difficult to know where the Center Party has been going on tax policy, for example, mostly because the party has been unable to put forward credible long-term objectives for its economic policy.

Since it left the government the Center Party has instead sought to associate itself again with the "environmentalist message," which undoubtedly had much success during the Social Democrats' most insensitive technocratic and centralist period in the seventies. But up to now the Center Party has been unable to explain how its ecologist aims can be achieved in harmony with technical, industrial, and economic development.

Even though there are many Center Party members with great insight who realize that a strong market economy is the foundation of success in the efforts in the environmentalist direction advocated by the Center Party, other Center Party members--including some in prominent positions--see an opposition between economic development and strength and environmentalist measures.

Lending credibility to the Center Party's environmentalist endeavors without falling into dirigiste and centralist solutions will be Karin Soder's greatest challenge in the period leading up to the 1988 election. The unanimity which characterized the party leadership election should make it easier for her to pursue a rational line on this most central of all Center Party issues.

Few people need doubt that Karin Soder has an insight into problems and inter-connections. But—once the chorus of praise has fallen silent and the Center Party delegates from the Fyris Hall in Uppsala are once again dispersed across the country—will the unity within the Center Party also prove to be a mandate for Karin Soder to speak for the Center Party without any disagreements? Or was the adulation in Uppsala just playing to the gallery after many years of political trials for the Center Party?

/12232

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POLITICAL

TURKEY

## U.S. INTENT SEEN TO CHANGE MONTREUX STRAITS CONVENTION

Istanbul HURRIYET in Turkish 13 May 86 p 12

["The World Is Turning" column by Professor Haluk Ulman: "This 'Kremlin' Is Different"]

[Text] Does the Montreux Straits Convention of 1936, which sets the rules for the passage of foreign vessels through the Turkish Straits, permit the passage of foreign aircraft carriers through the Straits.

In other words, can the Soviet Union sail its giant aircraft carrier, the "Kremlin"—whose construction began in Black Sea shipyards some time ago—to the Mediterranean when it is completed?

The truth is that nothing about this has been thought of or said or debated in Moscow. The Soviet Union has rolled up its sleeves and is trying to complete the construction of "Kremlin." The one that is worried is the United States, which has now been joined by Britain. According to the officials of these two Western governments, the Montreux Convention prohibits the passage of aircraft carriers through the Turkish Straits.

When one looks at the convention, one sees that this issue is not so clear. In terms of the tonnage limits set by the convention, it is true that countries with no shores on the Black Sea cannot sail ships of the size of aircraft carriers through the Straits. Article 13 of the convention sets the total tonnage of warships that states with no shores on the Black Sea can maintain in that body of water at 45,000 tons, which is much less than the displacement of a single aircraft carrier.

As for states which have shores on the Black Sea, among them the Soviet Union, Article 11 of the convention sets no limits on the tonnage of warships such states can sail through the Straits into the Mediterranean. However, are aircraft carriers included in such ships? The provision in Article 15 stipulating that "warships passing in transit through the Straits cannot use the aircraft they are carrying under any circumstances" appears, at first glance, to include the aircraft carriers. On the other hand, while Memorandum 2 that was appended to the convention excludes aircraft carriers from the class of warships, there are those who insist that the convention gives the same status to the aircraft carriers as that given to other ships passing through the Straits.

## Why Is the United States Concerned?

Since the Soviets have not yet completed building the "Kremlin" and they have not yet requested to sail it through the Straits, why is the United States bringing up this issue now and trying to keep it alive?

Does the United States feel that the sailing of the "Kremlin" into the Mediterranean and then into international waters may upset the balance of power between the two superpowers or that it may pose a threat the security of the West? Or does it already know that the "Kremlin" will sail through the Straits in one way or another and is thus using it as a pretext to prepare the ground for changing the Montreux Convention in a way that will be favorable to America?

The truth is that if anyone is not happy with the Montreux Convention today, it is not Moscow, but Washington. Because this convention allows Black Sea states, mainly the Soviet Union, to sail their warships into the Aegean and the Mediterranean seas, but imposes limits on the type, tonnage and time of stay of warships from Western countries, mainly the United States, wishing to enter the Black Sea. This is what must be bothering the United States.

Moscow must be aware of this because, although it was once unhappy with the Montreux Convention, today it lives with it without complaints and uses the various facilities provided by it. It sails its warships up and down the Straits—sometimes overtly, if it can, and sometimes covertly, if it cannot. For example, when it sailed its "Kiev"-class helicopter carriers through the Straits some time ago, in its notification to the Turkish government it described them as "floating decks." Now Moscow must be contemplating the description under which to sail the "Kremlin" through the Straits.

9588

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22 July 1986

POLITICAL

TURKEY

## NEW FREE DEMOCRATIC PARTY ELECTS ASSEMBLY GROUP

Istanbul CUMHURIYET in Turkish 13 May 86 p 9

[Text] Ankara--The Assembly group of the Free Democratic Party [FDP] had its first meeting at the Grand National Assembly yesterday. At the meeting, which began with a brief opening speech by FDP leader Mehmet Yazar, former Nationalist Democratic Party [NDP] leader Ulku Soylemezoglu was elected as the group leader. Osman Bahadir and Ismail Sengun, both parliamentary deputies of the now defunct NDP, were elected as deputy leaders of the FDP assembly group. Yazar, who was originally scheduled to have an informal chat with those attending the meeting, criticized the Motherland Party [MP] and the Correct Way Party [CWP] during his unofficial opening speech.

Two members did not attend the meeting which was held in the Assembly room designated for the leader of the defunct NDP. All 19 FDP deputies except Kayseri deputy Sedat Turan and Izmir deputy Ahmet Suter were present at the meeting.

In his opening speech at the meeting, FDP leader Mehmet Yazar said that the MP has been steadily losing its influence and power over the masses and that the MP has still not managed to become a proper party. Stating that the FDP was established to end the disarray on the right and to create a new hope for the voters, Yazar criticized his former party, the CWP. Describing the CWP as an "anti-democratic party," Yazar said that the FDP has caught the interest of the right even though it has been formed only recently.

It was decided at the meeting to notify the Turkish Grand National Assembly [TGNA] Presidency that the FDP assembly group has been formed. The letter to the TGNA Presidency which is signed by Yazar says:

"Our party has formed its own group with 21 deputies in accordance with Article 22 of Law No. 2820 on Political Parties. The list of deputies in our group is enclosed. You are respectfully notified."

Yazar's letter together with the list containing the names of 21 deputies was submitted to the Assembly Rules Directorate because TGNA President Necmettin Karaduman is away on a tour.

The FDP's first meeting at the Assembly was chaired by Ferit Melen because he is the eldest member of the group. When the election of a group leader and

deputy group leaders was proposed, Melen asked for nominations of candidates. The group members nominated former NDP leader Ulku Soylemezoglu for group leadership. In the ballot that followed, Soylemezoglu won the votes of all 19 FDP deputies attending the meeting.

Two candidates were nominated for deputy group leadership. Osman Bahadir and Ismail Sengun were unanimously elected deputy group leaders. Ismet Tavgac, Abdulkirim Yilmaz Erdem, Vecihi Akin, Kadri Altay, Sedat Turan, Faik Tarimcioglu and Selahattin Tafliloglu were elected to the administration of the group.

It was learned that the FDP will nominate Sebahattin Eryut as its candidate for the position of Deputy Assembly President.

The FDP assembly group will meet again tomorrow. Having formed a group, the FDP requested a meeting room from the TGNA Presidency. At the meeting to be held tomorrow, the group bylaws will be discussed and arrangements will be made for the new conditions.

#### FRANKFURTER ALLGEMEINE

The FRANKFURTER ALLGEMEINE ZEITUNG has chosen the dissolution of the NDP and the formation of the FDP as the topic of one of its editorials. Stating that with 21 deputies the new party formed under the leadership of Mehmet Yazar has become "the third largest party in the Assembly without being elected," the editorial says that "the right is looking for a new course." The editorial adds that "the Turkish right is at the moment in complete disarray." Stating that Yazar's FDP wants to become a serious rival to Ozal's MP and that, however, that is not very likely to happen, the editorial says: "It is [former Prime Minister Suleyman] Demirel who will determine which Turkish party of the right will have any continuity."

9588

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POLITICAL

TURKEY

# GOVERNMENT CRITICIZED FOR STAND ON CONSTITUTION

Istanbul CUMHURIYET in Turkish 13 May 86 p 3

["The World Today" column by Ali Sirmen: "The Constitution Issue"]

[Text] The history of constitutions is also the history of democracies. In Turkey, the history of constitution and democracy is fairly old contrary to what many of us would rush to suggest. In 6 months, we will be marking the 110th anniversary of the first constitution in Turkey. Thus, 110 years ago, when three-fourths of the nations in the UN today did not exist, when India, the world's most populous democracy, was a British colony, our first constitution was approved in 1876, less than 100 years after the French constitution. That shows that the history of both constitution and democracy is older in our country than many of us think.

Unfortunately, on the 110th anniversary of the endorsement of our first constitution certain ruling powers have not yet comprehended or digested the essence of the concept of "constitution." The truth is that in our country constitutions have mostly been looked upon as a basic document stipulating what citizens can do and what they cannot do. Such a viewpoint and definition falls far short of explaining the historical development of this institution.

In truth, constitutions are documents which restrict governments with respect to individual rights and freedoms. Modern constitutions, which regulate the rights of various social classes constituting the society with respect to each other and which draw the framework for social reconciliation of inter-class tensions, guarantee the rights that citizens can exercise through political parties, labor unions and associations. In other words, the limitations imposed by constitutions are designed for those who govern. When the issue is viewed from a contemporary and democratic standpoint, one sees that constitutions draw the limits of the actions and powers of those who govern and guarantee the rights and freedoms of those who are governed.

In our country, on the other hand, the governments have mostly seen the institution of constitution as a blueprint to endorse and to legitimize their oppressive behavior and to restrict the citizens' rights.

The 1982 Constitution is a product of this mentality. That is why it is impossible to find any compatibility between the 1982 Constitution and a modern democracy. That is why it is extremely natural that all organizations, individuals and forces which support democracy want to change this constitution.



One of the major characteristics of constitutions is that, in contrast to other laws, their formulation and their amendment are subject to special procedures. In other words, a government which has a parliamentary majority cannot amend the constitution in the manner it would change a piece of legislation. The amendment of the constitution requires a specified majority and special procedures. As long as such a majority does not exist, neither the legislative branch nor the executive branch cannot touch the constitution and are forced to keep their actions within the limits specified by the constitution. Modern constitutions incorporate control mechanisms for such circumstances.

In Turkey today, while the conservatives continue to defend the 1982 Constitution, the forces supporting democracy and freedom are proposing to amend this constitution such that it will be compatible with our times, with democracy and consequently with the conditions of our country. These forces are no doubt aware of what their proposals mean and what majorities are needed. This awareness may be able to push them into new social and political alliances in the future for the realization of their goals.

While the stance of the democratic forces with respect to the 1982 Constitution is so clear, the posture of the conservative circles which claim to be the defenders of the said constitution is quite surprising and even discouraging for our country's future. The Motherland Party government and its sole asset, the Prime Minister, say that they support the 1982 Constitution but insist on actions which the Constitutional Court has declared to be in violation of the 1982 Constitution; they see no harm in reenacting--with minor changes--laws that have been declared unconstitutional by the court.

What is more interesting is that Prime Minister Ozal sees the constitution as an institution which he may shelve or suspend whenever he wants to. Thus, in a speech in Kayseri last weekend, Mr Ozal said that his government would suspend for 15 to 20 days the Constitution's Article 84 which bans the defection of assembly deputies from one party to another, that during that period everyone will be able to move to wherever he wants to and that this article will be reactivated at the end of that period.

One cannot ignore the horror evoked by that attitude.

Either an article is in the constitution, or it is not.

A constitutional article is not a provision that can be arbitrarily activated or suspended or discarded by a prime minister or president or simple parliamentary majority.

Prime ministers do not have the authority to suspend constitutions or parts of them.

What can we say to those who cannot understand this fact 110 years after the endorsement of our first constitution?

POLITICAL

TURKEY

#### EDITORIAL CALLS FOR SUPPORT OF DEMIREL'S STAND ON DEMOCRACY

Istanbul TERCUMAN in Turkish 4 May 86 pp 1,14

[Editorial by Nazli Ilicak: "Democratic Turkey"]

[Text] The debate over whether there is democracy in Turkey is continuing. [Former Prime Minister Suleyman] Demirel has been conducting the most intense campaign for a "free and democratic Turkey" and a "Turkey without prohibitions."

This has angered some "social democrats" who claim that "Demirel only wants to have the constitutional ban [on politicians] repealed." According to certain leftists, those who do not oppose articles 141 and 142 of the Turkish Penal Code cannot be democrats. These articles stipulate that it is a crime "to establish a dominance by one social class over other social classes or to annihilate any social class or to overthrow the existing economic and social order in the country."

As these phrases suggest, any regime which is based on force and which uses methods of revolution is prohibited. Otherwise, a socialist party may be established, and if it wins enough votes it may come to power through elections and introduce economic and social changes. The articles use the term "overthrow" and not "change." Thus, former Turkish Labor Party leader Mehmet Ali Aybar, who rejects the dictatorship of the proletariat, who refuses to obey Moscow and who has stated that he believes in a parliamentary system, disclosed some time ago that he has been examining the prospects of forming a party. Aybar is trying to see if there is a sufficient vote potential for such a party and not whether there is any legal drawback.

#### What Type of Regime Is Communism?

There are those who do not consider Demirel a democrat because he does advocate freedom for the establishment of a system which grants no freedom of thought, which makes bureaucracy dominant from one end of the country to the other by destroying civilian society—that is by institutionalizing the civilian society—which seizes the right of property from individuals, which burns title deeds and which has never established itself in any country by showing respect for democracy. Article 141 bans not only communism but also separatism and all types of dictatorship. If the nation wants to grant freedom of communist propaganda it can make the proponents of those ideas a

majority in the parliament through the election process. But let us not forget that the German constitution bans communist parties "to protect the free and democratic regime."

#### Condition for Freedom and Democracy

It is obvious that a communist party in Turkey is not a precondition for freedom and democracy.

A free and democratic Turkey needs administrators who come to power through free elections and who step down through elections.

A free and democratic Turkey needs a parliament which is not shut down every so often and which represents the nation's will and sovereignty.

A free and democratic Turkey needs a system in which the majority does not oppress the minority and where the opposition's right to speak is not restricted.

Today, they are asking: "Is Turkey free and democratic?" The ability to speak and write freely and to criticize the Prime Minister or the President without any restrictions is not enough. We must know that the system is permanent.

#### Tradition of Savior Soldiers

The confidence that those who come to power through elections will step down through elections must be firmly established in everyone, whether soldiers or civilians; the tradition of savior soldiers must be abolished. One cannot be democratic for 7 or 8 years and then be anti-democratic for 2 or 3 years. If that happens, one cannot talk of democracy in that country.

Today, Demirel is waving this concept all over the country like a flag. Let us all—leftists and rightists—rally around this flag. Let Ozal roll up his sleeves for a democratic Turkey before he becomes another "deposed prime minister" and inject into the minds of the youth the idea that democracy cannot be compromised. Let us learn to stand by our parliament, politicians and our votes under all circumstances. A democratic Turkey can only rise on the shoulders of such collective conscience and willpower.

9588

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POLITICAL

TURKEY

BRIEFS

**TURKS SLAIN IN BULGARIA**--It has been disclosed that 8 journalists of Turkish descent have been killed in Bulgaria and 40 others have been tortured for being what is described as "enemies of the regime" and "pro-Turkish." Mehmet Cavus, President of the Balkan Turks Cultural and Solidarity Association, said in a press conference on "the drama of Turkish journalists in Bulgaria" that Turkish journalism in Bulgaria was begun in 1864 by Ahmet Mithat Efendi. He said: "The Turkish press in Bulgaria became a propaganda tool for the communist party during the time of socialism. Eight papers were published in areas primarily inhabited by Turks. Journalists trained by the communist party and party members paralyzed the Turkish press from a standpoint of freedom of language and the press." Cavus said that the press was limited to fostering enmity against Turks and the idealization of communists and that journalists who were not proficient on these issues were subjected to various pressures for being "enemies of the regime" and "pro-Turkish." Noting that magazines and newspapers that used to be published in Turkish in Bulgaria have now begun to be printed in Bulgarian, Cavus also handed out a list of journalists who are being subjected to pressure in Bulgaria. Reporters attending the press conference were also shown a video tape of a traditional Turkish wedding in Bulgaria filmed 2 months before the start of the Bulgarization campaign. [Istanbul TERCUMAN in Turkish 4 May 86 p 3] 9588

CSO: 3554/78

POLITICAL

VATICAN

**NEW 'EASTERN POLICY' REPORTEDLY IN PREPARATION**

Rome IL GIORNALE in Italian 27 May 86 p 1

[Article by Tullio Meli: "The Vatican Launches a New Eastern Policy."]

[Text] The cardinal concerned with non-believers makes an opening in [good] faith to Marxists of the East and to the PCI.

In an interview with ASCA Cardinal Poupard gave a testimonial of merit to the Italian Communist Party, which will not fail to inspire reactions.

Cardinal Poupard said that antagonism at the "system" level between the Church and Marxism "is radical." But "fortunately there are men; and while the systems cannot communicate, men surely can. I should say they are obliged to do so."

Poupard is not just an ordinary cardinal. He is president of the Secretariat for Non-Believers--and hence the man officially responsible for relations with Marxists, and Cardinal Koenig's successor in the policy of dialogue with Eastern countries. He is president of the Papal Council for Culture and as such [is the] author of many publications. But above all, he is one of John Paul II's trusted men in the Roman Curia, and the major organizer of the symposium on ethical values in society, which will see the confrontation between Marxist and Catholic leaders in Budapest in October.

After saying that the Church "merely asks for an area of freedom for its spiritual mission, without any [special] privilege" and that it commits itself to dialogue with "the others" without ulterior motives, but with realism, without excluding anyone, not even those who fight against the Church and persecute it in various ways," Poupard added that these "are the directives of John Paul II."



Poupard's speech mainly concerns countries with communist regimes, in which he notes significant changes. For example, "the idea (even ideas are facts), which little by little is making progress among the less ideologically rigid Marxists, that religion is not what the classical Marxists thought; that it is a much more complex phenomenon" which "provides answers which Marxism cannot give," as "Jugoslav Marxists have recognized for years."

The president of the Secretariat for Non-Believers added that the same is true "of the idea that the decline of religion is not such a simple question as Marx and [his] comrades argued." Cardinal Poupard also cites another example: that of the review VILAGOSSAG, an official Hungarian Marxist publication. During the 1960's "it constantly repeated that religion as a social phenomenon would inevitably disappear." However, in a number appearing at the end of 1985, on the occasion of the 25th anniversary of its founding, "mention is made of an inevitable coexistence, over a long period of time, between believers and non-believers, and the collaboration of believers in the construction of socialist society is requested. It is not an obscure party functionary who said so, but the president, himself, Janos Kadar."

Poupard recognizes that on the part of these countries, unfortunately, "this has not yet become the political practice toward believers" and that "one must recognize that all Christian churches have suffered much under the Marxist regimes in the last 60 years." But, he concludes, "The Church is patient. It can wait."

9772

3528/115

MILITARY

GREECE

#### CREATION OF PENTAGON SPECIAL OFFICE FOR OFFSETS

Athens I KATHIMERINI in Greek 22 Apr 86 p 2

[Text] A special office to deal with offsets has been created in the Pentagon. In conjunction with the service for defense industries and the special office that already exists in the Ministry of National Economy, this office will present proposals for deriving the best possible advantage from offsets included in orders for defense materiel. This office will also function as a consulting organ for the committee which is drawing up the Greek proposal for the final agreement related to the purchase of the 40 F-16 aircraft. Maj Gen Kondodilos will be in charge of this office.

Deputy Minister of National Defense T. Sekhiotis stated that exploitation of the offsets will ensure orders amounting to 15 billion drachmas for the country's defense industries over a period of 15 years.

Through a letter to be handed to U.S. services by the military attache of our embassy in Washington, the government will assume the responsibility for adhering to the terms of the agreements signed between the Ministry of National Defense and the U.S. defense industries within the framework of the annual U.S. defense assistance (F.M.S.). To date, adherence to the terms of the agreements was ensured through the withholding of an amount equal to 10 percent in favor of the specific defense industry from each F.M.S. loan.

According to Mr Sekhiotis, it has been calculated that interest from these amounts reaches the sum of \$10 million a year.

The deputy minister of national defense stated that the following decisions have been made:

- Shortening the procedures for the announcement of bids.
- Expansion of spare parts sampling lists in order to facilitate Greek manufacturers.
- Financing with 30 million drachmas the production of manufacturing plans so that spare parts which used to be purchased abroad can be manufactured locally.

--Participation of the members of the manufacturers' association in the procedures to expand and implement the offsets.

--Publication by the YPOVI [War Industry Service] of a special list of the capabilities of the Greek defense industry to enhance the country's commercial image in, and penetration of foreign markets.

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CSO: 3521/180

MILITARY

GREECE

# USE OF AIRPORT BY FOREIGN MILITARY AIRCRAFT RAPPED

Athens TO VIMA in Greek 25 May 86 p 19

[Text] The famous aircraft of the "purchase of the century" may not have been received yet, but the "MIRAGE-2000," the F-16 and even the "TORNADO" come and go from Greece, and not from military airfields and bases, but from Ellinikon Airport, for that matter. Of course, we are talking about aircraft of foreign countries whose traffic has increased so much that it has begun to cause concern even in the Civil Aviation Service because, in addition to everything else, they have created parking problems. Thus, the MIRAGE and the F-16s are forced to park next to civilian Boeings, Airbusses, etc. on the eastern runway of the airport; however, they are constantly guarded, usually by colored individuals in uniform. If it were merely that I would repeat the usual Greek "Don't worry."

But this is a horse of a different color: although it seems strange, no one (with the exception of the crew) knows what the cargo of the aircraft is. Another strange thing is that the majority of these aircraft have filed flight plans and have obtained diplomatic permits for overflight, not for landing. All of a sudden, while they are within the Greek FIR they request a "technical landing" because of mechanical trouble or for refuelling and find themselves in Athens among civilian aircraft.

Those responsible for air traffic control are amazed, to be sure, at the "excessive number" of foreign military aircraft that "visit" Athens, but there is not much they can do. The responsibility for these take-offs and landings rests with the Air Force and the ministry of Foreign Affairs.

The Air Force General Staff considers all these comings and goings a "routine matter," which, as a matter of fact, is "within the purview of international regulations," it is officially underscored. These international regulations give Greek authorities the right to deny transit to any aircraft if they deem it "dangerous to national security" and to inspect its crew and, whenever they wish, its cargo.

Here precisely there is posed another question: which aircraft are checked and who gives the orders to check military aircraft at a civilian airport? Those having jurisdiction at Ellinikon claim ignorance and explain that only rarely does an inspection take place because there are no ... expert inspectors. As a

matter of fact, they mention as a case in point that "during the past 4 years only once did an inspection take place and it involved a French transport aircraft aboard which were found some boxes containing pistols destined for Oman. There ensued some commotion, explanations were asked and, in the end, the aircraft with the pistols on board left for Oman."

On the other hand, the Air Force officers specializing in this type of inspection do not have jurisdiction at civilian airports. The question is, therefore, how can these aircraft come and go in Greece and transport whatever they want even (and why not?) nuclear weapons?

The ministry of Foreign Affairs replies that the international agreements and treaties "provide some safety valves in the inspection of aircraft" and nothing more than this.

In closing, I can tell you with great joy that during the first 15 days of May alone, 26 C-130 foreign aircraft landed at Ellinikon Airport from Pakistan, the United Arab Emirates, Kuwait, India and Jordan. Twice during the same month Kuwaiti military personnel stayed overnight in Athens. In addition, Pakistani MIRAGE-2000s and Indian F-16s, which had just been received from France and the United States, respectively, as well as Pakistani "Albatross" transport aircraft and United Arab Emirates' F-4s have landed. And we can move on to bigger and better things.

9731

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MILITARY

GREECE

## NO VICTORY SEEN IN ACCEPTANCE OF LIMNOS INCLUSION

Athens EMBISTEVTIKO GRAMMA in Greek 4 Jun 86 p 9

[Text] Despite the Greek success in the matter of Limnos where the Greek military forces on the island were recognized by NATO, the Alliance's position towards our country is quite guarded. This, according to NATO officials, is due to the fact that, although Limnos was included in the recent NATO exercises, this was done with the indirect, but evident, consent of Turkey, which, in this manner, wanted to show the West all of its good will and to downgrade our country's role within the framework of the Western alliance.

As high-ranking NATO officials told us, there was not the least doubt in both Turkey and NATO that the two islands of Limnos and Samothraki are not demilitarized in accordance with the Treaty of Montreux as it was approved by the Turkish National Assembly in 1936. As it was emphasized to us, everyone knows that ever since 1972 there are Air Force units permanently stationed on Limnos--at the airfield that was built there that is also used as a military field. The Alliance does not doubt in the least that the Greek request to include Limnos in the NATO exercises--a request that was submitted for the first time in 1972--is absolutely legal and in accordance with the international treaties. On the other hand, in 1983, NATO's Legal Service recognized the correctness of the Greek posture.

If, according to the background of the matter, things stood that way, the man on the street is bound to ask: why has NATO refused to satisfy the Greek request when, at the same time, it recognizes its correctness? According to an opinion that was expressed to us, the answer should be sought in the rule of unanimity that prevails in the Alliance, according to which no decision is made unless all partners are in agreement. Thus, because Turkey raises objections to the inclusion of Limnos in the exercises, NATO did not have, until recently, the ability to impose an opposing decision.

This, however, did not mean that NATO shared the Turkish views and even less that it doubts our absolute sovereignty over Limnos or our right to use the island for military purposes. The NATO posture meant simply and exclusively that, according to the rules that govern the Alliance--and which we accepted when we joined it in 1952-- it could not do otherwise.

Today, however, as the defensive plans of the Alliance change, as we have already mentioned, and the islands of the Aegean become the second line of defense, the

matter had to be settled with Turkey's agreement. Why then is Greece celebrating? This is irrational and demagogic according to reliable diplomatic sources because the inclusion of Limnos in the NATO exercises would benefit us only if the status of the island were questionable and we were seeking some title to reinforce our rights. But this is not the case. Limnos' status is crystal clear.

9731

CSO: 3521/169

ECONOMIC

EUROPEAN AFFAIRS

## FRG VIEWS LIBERALIZATION OF EC TRANSPORT MARKETS POSITIVELY

Ifo Predicts Growth

Duesseldorf HANDELSBLATT in German 9 Jun 86 p 14

[Article: "Transport Industry Faces an Opening Up of Markets"]

[Text] Munich, 7/8 Jun--The verdict, by means of which the European Court has bound the transportation ministers of the EC to liberalize transportation among member countries and to open up national transport markets, represents a turning point in transportation policy. This conclusion is reached by Ifo--the Institute for Economic Research.

The obligation, resulting from the Luxembourg "inaction judgment," to apply the principles of free trafficking in services to the realm of transport, also requires, therefore, German transportation policy to effect a relaxation of controls on capacity and market access. This applies above all to commercial highway freight hauling. The so-called "coastal shipping proviso," that is, the exclusion of foreign carriers from domestic transportation, must therefore be abolished. The bilateral quotas in international freight hauling are to be replaced by non-discriminatory EC concessions, Ifo emphasizes. From 1992 on there will be no more transport volume limits.

If the established 1992 deadline is to be met, then it means that already in the next two years the bilateral quotas are to be replaced by these non-discriminatory EC concessions in international transportation. Limitations will only be possible to the extent that they do not discriminate against foreigners. Highway transportation will also continue to increase in the future, although at a somewhat more reduced rate than in the past, says another Ifo forecast. Above all in the current decade growth will yet achieve an appreciable degree. Because strong effects are to some extent still emanating from the one- as well as the two-car-per-family phenomenon, the inventory of automobiles will grow by just under 5 million, or by a yearly average of 1.2 percent, to approximately 30.7 (1985: 25.8) million vehicles by the year 2000.

To be sure, the annual average rate of increase of 15.6 percent in the period 1960 to 1965 has fallen off to 2.2 percent in the period 1980 to 1985, yet this still means an increase in numbers of 2.7 million vehicles in the first

half of the current decade despite the fact that the second oil price crisis, as well as the worst recession in the postwar era, occurred during this period. If there are discrepancies in the forecasts concerning automobile densities in the year 2000, then it is, to a great extent, to be attributed to varying predictions regarding population development. But all forecasts arrive at an automobile density of approximately 520 per 1000 inhabitants. Above all, the acquisition of automobiles by those strata of the populace --elderly persons, women and foreigners--who at present still to only a relatively limited extent have an automobile at their disposal, will grow in the meantime.

Assuming a moderate, real increase in crude oil prices by the turn of the century, the Ifo-Institute predicts total distances driven for the year 1990 of approximately 370 (1984: 314) billion vehicle-kilometers, and the year 2000 about 420 billion vehicle-kilometers. This corresponds to yearly average rates of increase of 2.8 percent for the period 1984 to 1990, and 1.3 percent for the period 1990 to 2000.

Highway freight hauling will increase appreciably in the future. In the process, the growth of long-distance hauling, because of the changing production and consumption structure as well as the disproportionate growth of cross-border traffic, will increase faster than local hauling, which is being slowed down principally by the worsened prospects for the construction trade industry.

For highway freight hauling as a whole Ifo is prophesying a yearly average increase of transport services of about 3 percent from 1984 to 1990, and for the 1990's an increase of only 1 percent. The weakening of growth and thereby of transport elasticity is due to the trend towards less transport-intensive high-value good.

An essential precondition for further growth of highway transportation is, to be sure, a reduction of the stress on the environment which it causes. Only if this reduction of environmental stress through technological innovation and tax incentives were successfully achieved, could restrictive or state-interventionist measures which are inimical to the requirements for mobility and transport, be avoided.

#### Shipping Firm Welcomes Change

Duesseldorf HANDELSBLATT in German 9 Jun 86 p 14

[Article: "No Fear of Open Transportation Market"]

[Text] Dortmund, 7/8 Jun--The board of directors of the transport group Rhenus AG/Stinnes Shipping AG--both majority holders in Stinnes AG--views with equanimity the deregulation in the EC transport market. "In a truly free transport market we, as providers of shipping services, even feel extraordinarily fortunate," explained Rhenus AG Board Spokesman Dr Hans-Guenter Mertens.

The association disposes over the largest German inland waterways fleet and an imposing motorpool of about 1,300 trucks. There are 258 concessions for the long-distance highway freight hauling trade. There are agencies at 70 sites in the Federal Republic, the overwhelming majority of which have their own storage and transshipment facilities. "That gives us a strong position with large, demanding shipping agents," Mertens stresses.

The business of the enterprises affiliated in the association climbed very noticeably by 8.5 percent to just over DM2 billion in the last fiscal year. The generation of gross profits kept pace with an equal percentage increase. The group's yearly profit amounts to LM16.5 million (previous year: DM14.2 million). After reserve set-asides of DM2.1 million (previous year: DM1.2 million), the distribution of a 15-percent dividend is being proposed.

The group is currently involved in "networking" its many agencies in such a manner that almost all transportation jobs will be completed within 24 hours. One would thereby achieve the level of express service--without doing violence to this concept. Even with this growing acceleration it will continue to be called consolidated transportation, explained Willy Wittkowski, board member responsible for truck transport.

At great expense the undertaking has expanded its goods distribution organization. Here as well the concept of logistics is used cautiously "because in the transport industry services are to some extent are labeled with it which are nothing more than what a shipper has always provided."

In spite of their own strong truck hauling branch, they do not avoid the Federal Railways, Mertens stresses. Almost all the kinds of arrangements for piggy-back road-rail transport offered by the railroad are made use of by Rhenus trucks. After these connections go beyond the borders as well, his enterprise will make even greater use of this offering. Including bulk cargoes like ore, for example, it belongs to the biggest customers of the German Federal Railways. Mertens can see "enormous" growth rates in airfreight for the group. As a customer if IATA [International Air Transport Association] companies as well as of charter pilots, the position has improved appreciably recently. The considerable volume of freight affords the shipping agent a degree of flexibility in negotiating rates which also redounds to the benefit of the shipping customer.

The shipyards are the sole weak point in Rhenus' calculation. Contracts for high-seas and inland-waterway ships exist, but indeed this business has often enough had to be obtained at below-cost prices.

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ECONOMIC

CYPRUS

COMMERCIAL AGREEMENT WITH USSR'S RAZNOEXPORT

Nicosia KHARAVGI in Greek 7 Jun 86 p 3

/Text/ Last Wednesday evening, an agreement was signed at the Soviet pavilion of the International Cyprus Fair between the Soviet foreign trade organization RAZNOEXPORT and the DELTA Ltd firm. The agreement provides for the purchase of merchandise valued at 500,000 dollars.

Signing for RAZNOEXPORT was Mr Igor Barsukov, while signing for DELTA Ltd was Mr St. Psyllos, its director. On the basis of the agreement, RAZNOEXPORT will purchase from the Cypriot firm various goods valued at 413,000 dollars and DELTA Ltd will import from the Soviet Union goods valued at approximately 80,000 dollars.

Speaking earlier at a meeting of businessmen, Mr Barsukov said that RAZNOEXPORT's business turnover had reached 30 million dollars at the end of its first year of operation and now surpasses 5 billion dollars. He said the range of goods handled by the organization has also changed significantly. While in the first years of operation it handled only a few dozen items, mainly raw materials, it now handles several thousand, mainly consumer goods and household appliances.

At the Soviet pavilion, RAZNOEXPORT is exhibiting hunting weapons, musical instruments, toys, household items, crystalware, handicrafts, such as various embroidered items, etc. Also, modern up-to-date clothing and leather goods.

Mr Barsukov subsequently stressed that the Soviet Union has traditionally maintained good relations with the Cypriot Republic. He said Cypriot firms have a high position in RAZNOEXPORT's trade relations. This organization, he said, is not only an exporter of goods to Cyprus but also a big importer of Cypriot goods such as shoes, clothing, woven goods and women's underwear.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

INSTITUTES REPORT ON EFFECTS OF GOVERNMENT CONTROLS, SUBSIDIES

Restraints On Competitiveness Increased

Duesseldorf HANDELSBLATT in German 2 Jun 86 p 6

[Article: "Competition Still the Rule in Less Than 50 Percent of the German Economy"]

[Text] Duesseldorf--The market-place and competition have not been put into practice in the Federal Republic of Germany with all their logical consequences as a principle of regulatory policy. The Kiel Institute for World Trade expresses this criticism in the most recent edition of the KIELER DISKUSSIONS-BEITRAEGE under the title "State Intervention in the Federal Republic of Germany." That portion of the economy in which competition is still the rule has in the meantime shrunk to appreciably less than 50 percent when calculated on the basis of the net product of the entire national economy.

Indeed the Law Prohibiting Restriction of Competition (GWB) excludes seven economic areas, including agriculture and communications, from the otherwise applicable regulation and allows cartels, monopolies and price-fixing agreements. In addition, interventionist activities by the state have increased even in those areas for which competition is prescribed.

Customs charges and non-tariff trade restrictions have been purposefully employed to fend off competition from imports. With interventionist actions in specific sectors attempts have been made to save unprofitable production operations and jobs, as well as to stimulate activities which appear promising. Frequently the state must additionally guarantee the success of subsidized projects through regulation of market access, volumes, or prices.

The Kiel economic experts maintain that the state-interventionist activities in the economy cannot be scientifically justified. But there is also no guiding principle based on a consistent policy. What may have induced the legislator to adopt the principles and permit the exceptions in the CWB, often remains unclear.

It is also unclear as to why, even in instances where discernible, original motivations have been rendered obsolete by technical and economic

developments, the logical conclusions which flow from them are not drawn. For example the special status of the Federal Postal Service was once justified with the danger of natural monopolies and that of coal mining and of the iron-producing industry with the necessity to reduce shortages of coal and steel.

Natural monopolies hardly play a role today for the area of postal service, especially when one considers the alternate forms of competition in the various branches of telecommunications. Nevertheless, deregulation of the postal service and communications sector which has thereby become feasible, and the elimination of their special status under the GWB, have not occurred. There is a worldwide surplus of coal and steel which could be used for the inexpensive supplying of the domestic consumers. Instead of drawing these logical conclusions, heavy subsidizing, regulation, and protectionism exists in the mining and steel industries.

Interventionist activities in one area are often partially the results of interventionist activities and motivations in another. Thus there is intervention in the growth-sector of telecommunications in order to protect the Federal Postal Service. And many regulations in the transportation sector are justified by regulations and protection of the Federal Railway. In the case of the railway, the enterprises' own self-interest, as well as that of its employees, play a role. In just this way only the self-interest of existing skilled crafts industries makes the interventionism on their behalf intelligible.

What causes one to reflect in all of this, are not so much the regulations by themselves, but the extent of the interventionist activities which has developed as a whole and which is difficult to grasp. The inevitable conclusion from this is that many paths to the economic future are blocked for enterprises, are associated with detours, or are only passable at high cost.

If state-interventionist activities hinder the establishment of promising enterprises and the creation of profitable jobs, the structural change necessary for growth will not proceed at a brisk enough rate. Structurally weak regions will have difficulty with active redevelopment, technical advancement will not occur and be utilized in the right locations. Prices for many goods and services are excessively high, enterprises' international competitiveness suffers, and real incomes are lower than they could be.

The state hampers and distorts competition much more than private persons could ever do because cartel authorities and foreign competition see to it that disfunctioning of the market-place caused by the private sector remains limited. The Kiel experts are not concerned with creating a regulation-free economy, but with cutting back the innumerable interventionist activities to a reasonable level and giving greater weight to the common weal than to the special interests of certain officials, organizations and enterprises. Competition would then be, wholly in accord with the intention of the GWB, more intense and the incentives for performance would be strengthened. New room for private-sector initiatives would arise, and precisely there where the risks are high.

### Business Start-Ups Benefit

Munich SUEDEUTSCHE ZEITUNG in German 21 May 86 p 25

[Article: "Support for Business Start-Ups Pays Off"]

[Text] Bonn—State support for business start-ups really got going in the 1980's. The German Economic Institute (IW) came to this conclusion in a study of business start-ups and their public subsidization which was published on Tuesday. Between 1980 and 1985, 88,500 entrepreneurs were assisted with public funds in the establishment of businesses. Annually, capital investment projects amounting to billions were initiated and supported by the scope of the programs during that period.

Public support for business start-ups has achieved an appreciably broad effect in recent years. The four programs of the federal government (stimulation of savings program, capital resources subsidy program, ERP [European Recovery Plan] business establishment program, as well as the guaranty program for self-employed persons) form a coordinated set of support policies with for the most part uniform principles for the granting of assistance. A positive result is achieved with such support in an efficient manner for individual enterprises as well as for the national economy as a whole. The IW calculates the amount of capital investments made in 1985 alone at DM2.5 billion altogether. According to the study's presentation, more than half (58 percent) of the entrepreneurs receiving support opt for the establishment of a business from scratch; somewhat more than a third take over an existing operation; and the opportunity for active participation in an already existing mid-sized enterprise presents itself to only relatively few entrepreneurs.

### Skilled Trades Dominate

To be sure the individual branches of the economy and the professions participate, now as then, to a considerably varying degree in the loan programs. Just about one-half of the business start-ups receiving support can be attributed to the skilled craftsmen's trades or similar professions. Approximately one-half of them belong, in turn, to the electrical equipment and metal-working trades, as well as to automobile repair. It is precisely these trade groups that are characterized by continuous technical innovations. Support for business start-ups, the IW maintains, makes an essential contribution to the mastery of structural change in these trades in particular. One out of four entrepreneurs establishing a business engages in commerce, on the other hand, and essentially in retail trade. As an empirical study of the Institute for Small and Mid-Sized Business Research showed, the basic concepts of the retail trade start-ups are founded in the recognition of market deficiencies and the exploitation of markets for new consumer groups. A new product or a new technical solution is, on the other hand, to be encountered as the decisive idea behind a start-up principally in the producing industries. The proportion of this kind of start-up (2.5 percent) is, now as before, certainly very small in relation to the total number of business start-ups receiving support.



The capital required for the establishment of a full-time business with a presumably long-term viability, has increased continuously over the past years. The amount of capital investment has, in the meantime, reached an average of DM200,000. Only 3 years ago DM182,000 sufficed. To be sure, these arithmetic averages hide wide variances, according to the IW study. A comparatively smaller amount of capital is required in the free-lance professions (DM92,000), as well as in the service-providing industries (DM97,000) and in retail trade (DM120,000). On the other hand high capital investment costs are involved in the establishment of a full-time business in the hotel and restaurant industry (DM138,000), in transportation (DM170,000), in wholesale trade (DM177,000), and especially in the small and mid-sized production industries of the industrial sector. The takeover of a going concern requires, in turn, a considerably great amount of capital (average amount: DM140,000) than a start-up from scratch (DM110,000). The effects upon the job situation which result from business start-ups emphasize the importance for labor policy which support for business start-ups has. Business projects started with state support accounted for approximately 350,000 newly created or continued jobs. The IW emphasizes that the effects upon the job situation are thereby far above average in comparison to business start-ups not receiving support. And this concerns only the initial effects on the employment situation which, in the course of time, will persist with the growth of these businesses. The effect on employment is to a great extent dependent upon the type of start-up. Thus, three jobs on the average are created in a start-up from scratch, while in the case of a takeover of a going concern about twice as many jobs are saved or created.

Broken down statistically according to branch of the economy, it is evident that especially great effects upon employment can be expected in the manufacturing industry. More than half of the entrepreneurs establishing businesses with state support begin operations with more than five employees. In the skilled trades only one out of six business-founders begins on such a scale. More than half of the master craftsmen establish a relatively small enterprise which only provides themselves alone or one other employee a job. In retail trade two-thirds of the entrepreneurs establishing businesses open their new business by themselves or with a single additional employee.

#### Hardly Any Casualties

The IW terms the fact gratifying that the German Compensation Bank, as the central financing institution, reports only a relatively small insolvency rate in the capital resources subsidy program (end of 1985: 1.7 percent). This rate says nothing, of course, about the durability of the business start-ups, but it does stand in positive contrast already at this time to the background of the generally unfavorable development of insolvencies of recent years.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

# SIEMENS INVESTS HEAVILY IN BERLIN PLANT

Duesseldorf HANDELSBLATT in German 23-24 May 86 p 25

[Article: "Over DM300 Million Being Invested in Traditional Berlin Works"]

[Text] With an open house day Siemens AG's Dynamo Works will celebrate its 75th anniversary in Berlin on Saturday. The Dynamo Works, whose name derives from the first device for the generation of electricity, is, with its approximately 1,500 employees and about 90,000 square meters of floor space, one of the largest Siemens production halls in Berlin.

Large electrical machinery such as generators and motors for power plants and industrial and transportation installations, as well as research and development sites, are constructed in the Dynamo Works, which is part of the enterprise's Energy and Automation Technology Division. Generators with a diameter of about 20 meters for hydroelectric and reservoir power stations are among the largest machinery of the Dynamo Works. Siemens calculates the weight of a year's production to be in excess of 13,000 tons valued at approximately DM230 million, of which over 50 percent is exported. Because of the very specific conditions at the locations where they are to be employed, the large electrical devices have to be manufactured almost exclusively on a one-of-a-kind basis. The development cost is correspondingly high: about MD15 million are spent annually for research and development.

In order to be able to maintain position in the highly competitive world market, a capital investment program was begun in 1984 which provides for expenditures of DM90 million in the next 5 years. Further, the Dynamo Works is counting on the granting of licenses, and cooperative and joint production efforts, especially since various large scale projects would not have been feasible without cooperation with other partners. Also, they are stressing that only in this manner can the Asian market be opened up.

According to statements by the management of the enterprise, Berlin is, now as before, Siemens' largest production location. The number of the Siemens firm's employees (including KWU, Osram, and Vacuum Fusion), increased during the first half of the current 1985-86 business year by 400 to over 26,000 after some 1,500 employees had already been hired supplementally in 1984-85. Investments are to be beefed up in 1985-86 to considerably more than DM300 million, following 280 million in the previous year. According to the firm's statements, future-oriented in plant facilities and research and development, as well as for basic advanced training, will, altogether, amount to over DM one-half billion.

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ECONOMIC

FEDERAL REPUBLIC OF GERMANY

BRIEFS

**DAIMLER-BENZ EXPANDS BERLIN FACTORY**--Berlin--Production of automobile replacement engines as well as exhaust manifolds for passenger cars at Daimler-Benz AG, Stuttgart, is being relocated from the Stuttgart-Untertuerkenheim plant to Berlin. As was explained at a press conference in Berlin, about 700 employees in Stuttgart will be affected. They are to be offered new jobs in the Stuttgart works; there will be no dismissals. The relocation to Berlin will be undertaken because the production of truck engines there has been reduced more and more by the worldwide decline in demand. The new production hall for 700 workers will be built at an expenditure of DM60 million. The plant in Berlin has a workforce of 3,000 persons. In addition, Daimler-Benz obtained from German Industrial Installations GmbH, Berlin, land adjoining the plant for DM20 million. With the anticipated increase in production, it should serve to make possible the creation of reserve capacity. After having invested DM280 million in Berlin from 1981 to 1985, the automobile company plans an investment thrust of an additional DM300 million from 1986 to 1990. [Report from Berlin: "Daimler-Benz Expanding Considerably in Berlin"] [Text] [Munich SUEDEUTSCHE ZEITUNG in German 16 May 86 p 31] 13238/9435

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ECONOMIC

GREECE

EEC IMPOSES FINE FOR 'QUESTIONABLE' WHEAT LABELLING

Athens TO VIMA in Greek 25 May 86 p 1

[Text] The EEC imposed a 3.3 billion drachmai fine on the Greek government because of "gimmicks" and irregularities in the subsidizing of large quantities of wheat that KYDEP had undertaken to handle. These "gimmicks" and irregularities, under which thousands of tons of soft wheat were labelled as being "Durum," led to the granting of several million drachmai being paid out in additional subsidies to producers/merchants.

The Greek government is now called upon to return this sum as a fine for these activities by the KYDEP cooperative, which has become a "thorn in the side" in the relations between Greece and the Community because of its involvement in other questionable practices.

According to VIMA's sources, the EEC offices having jurisdiction notified the ministries of National Economy and Agriculture that they will withhold the 3.3 million drachmai fine from future Community aid grants if the Greek government refuses to pay it.

The Greek government, which considers EEC's decision "exceedingly harsh," will apply, within a few days, to the European Court for it to decide irrevocably on the matter of the "Greek wheat."

This matter goes back to 1982 when the KYDEP--which has the monopoly for the marketing of Greek grains--is reported to have accumulated 700,000 tons of wheat that it labelled as "Durum" and thus obtained prices that were almost twice those for soft wheat. The EEC offices having jurisdiction checked, after charges had been filed, 320,000 tons and the samples proved the wheat to be either "soft" or of a "lower grade." As a result, they did not accept KYDEP's explanations and imposed a fine on the 700,000 tons as well.

The Greek side, which considers this to be an unfortunate event and as undermining the good relations of the Greece-EEC trade, hopes that by having recourse to the European Court it will be able to give the necessary explanations (inexperience of the responsible services, no benefit to the government) independently of the investigation regarding these activities by KYDEP.

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ECONOMIC

GREECE

#### BULGARIAN REFUSAL TO PURCHASE ALUMINA BRINGS DIFFICULTIES

Athens TO VIMA in Greek 1 Jun 86 p 9

[Text] The matter of Greek alumina was again torpedoed because the Bulgarians went back on their word under the agreement they made to purchase 200,000 tons of alumina.

This unfavorable prospect is aggravated by two additional developments:

The fact that the EEC does not appear disposed to include in the MOP the proposed investments for the Greek alumina complex.

The fact that the ministry of Culture tends to agree with the reactions of foreign ecologists about the effects of the unit on the environment at Delfoi.

However, the attention of the officials of ETVA and the administration of "Elliniki Alumina, Inc." is focused on the result of negotiations with the Bulgarians. If, in the end, they refuse to purchase the 200,000 tons of alumina, it will be impossible for the unit to be built in view of the fact that one third of its output (total production 600,000 tons) will remain undisposable. It is a basic premise of a unit's operation to ensure the sale of its output to one of the aluminum complexes operating in the international market.

On the other hand, this is what Bulgaria was going to do with the Greek alumina, which was intended for Soviet processing by the alumina/aluminum sector. It appears, however, that the negotiations between Sofia and Moscow did not yield the expected results as far as price and trade arrangements were involved so the Bulgarians, therefore, began to go back on their word.

For a second time they demand that the Greek side accept arrangements to trade Bulgarian products for the value of the alumina they purchase. This proposal, however, has been rejected by the Greek government, which accepted, under a previous arrangement a few months ago, that 50 percent of the payment for the alumina be made in hard currency and the balance with the barter of products. This involved an adjustment that was made as a result of the first breaking of the agreement made by the Bulgarians regarding the purchase of Greek alumina with a trade arrangement involving only 20 percent of its value in barter products.

This development is considered not only unfavorable, but also as the beginning of

a regression in dependence on the only government investment program that showed any promise of progress. This is because Mrs. Vaso Papandreou, the deputy minister of Industry responsible for state industrial investments, had already decided to halt the investment in the event that the sale of the output had not been ensured prior to the building of the plant.

This extremely serious suspension of negotiations with the Bulgarians has led the Greek administration to accept a new postponement till the end of July of the time set for the signing of the second part of the agreement with the Soviet Union.

The state alumina plant, which was planned to be built in an area near Delfoi will require investments of approximately \$400,000 and will produce 600,000 tons of alumina yearly, 380,000 of which the Soviets have agreed to purchase for their use.

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ECONOMIC

GREECE

#### MARCH INDICATORS SHOW INDUSTRIAL PRODUCTION DOWN

Athens I KATHIMERINI in Greek 11 Jun 86 p 15

[Text] Industrial production showed a drop of 3.9 percent in March and the minister of National Economy characterized this development as one to be expected as a result of the implementation of the stabilization program. The drop was expected and should have come earlier.

The Statistical Service announced that "The trend of production indicators for mines, industry and electrical power/manufactured gas, during the month of March 1986 as compared to the corresponding month of March 1985 is the following:

I. The general production indicator for mines, industry and electrical power/manufactured gas shows a drop of 2.2 percent.

II. The production indicator for mines shows an increase of 6.9 percent.

The trend of this indicator was influenced by the corresponding increase of the indicators for lignite, quarry/building materials, chrome/manganese ore, etc. and barium sulfate, despite the corresponding drop of the indicators for magnesite, iron/nickel ore and bauxite.

III. The industrial production indicator shows a drop of 3.9 percent.

The trend of this indicator was influenced mainly by the corresponding drop of the indicators for alcoholic beverages, chemicals, foodstuffs, metallurgical products, transportation equipment, rubber derivative products/plastic material, printing/publications, paper, furniture, machinery/equipment, except electrical, and wood/cork despite the corresponding increase of the indicators for textiles, base metal products, non-metallic minerals, derivatives of petroleum/coal, and shoe/clothing items.

IV. The electric power/manufactured gas indicator shows an increase of 6.2 percent.

More specifically, the electric power production indicator (estimated quantitative indicator) shows an increase of 6.2 percent.

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ECONOMIC

ITALY

#### DISPUTE GROWS OVER AUTONOMY, METHODS OF BANK OF ITALY

Rome L'ESPRESSO in Italian 1 Jun 86 pp 216-219

[Article by Salvatore Gatti with Stefano Livadiotti: "Latest Challenge From Via Nazionale"; first paragraph is L'ESPRESSO summary of ensuing article--boxed material as indicated]

[Text] The battle has now been joined: on the one side are those who want to redefine the autonomy of the central bank; on the other, those who are attempting to defend that autonomy and to expand it, with the governor of the bank in their vanguard.

It has been a long time since the Bank of Italy--between the annual reports of its governor--has had to experience a year as bad as last year. First there was the July 1985 collapse of our currency, which tumbled to 2,299 lire against the dollar. Then, during the polemics that ensued, Prime Minister Bettino Craxi went so far as to humiliate the governor, Carlo Azeglio Ciampi: first he criticized Ciampi, impelling him to resign, and then had him withdraw his resignation although without making any concessions to him. It was no accident that Craxi was moved to describe Via Nazionale as the "State bank," to let it be known how little autonomy he accorded it.

This is precisely the problem that finally rose to the surface last year: the independence of our central bank vis-a-vis the political power. There are those who believe its independence is not very great (Mario Monti, Giorgio La Malfa, Guido Carli, Nino Andreatta, and others) and that the governor has been too conciliatory toward the government. The most widespread accusation is that he is excessively generous in financing the government deficit--in printing money, thereby creating inflation--rather than stemming the wasteful spending of the politicians. On the other hand, trade unionists and politicians (especially socialists, but also some DC) believe that the Bank of Italy still yearns too much to be independent of the government and of Parliament. These critics would like to have a bank that is increasingly an executive organ of the government. Such a possibility alarms the governor: the possibility that the change from "king's banker" to "instrument of economic policy"--a role acquired in recent years--could be brought into question, and that the current semiautonomous status of the Bank could be diminished.

Is the Bank of Italy really in decline? Is its power vis-a-vis the government diminished? Is its autonomy threatened?

## Decline of the Central Banks

The loss of influence experienced by the Bank of Italy is not an isolated case. It is in fact a general tendency among the Western central banks, and it has already claimed other victims. According to a monograph by the economist Rolf Cesar, the British and French central banks are also closely subordinated to their respective governments: only the German Bundesbank and the U.S. Federal Reserve are truly autonomous. For its part, the authoritative magazine EUROMONEY, in analyzing this crisis, recalls with irony that in the past the Italian problem was, if anything, one "of making the government independent of the then governor Guido Carli." Today, the situation is somewhat changed.

"The Bank of Italy may not have lost prestige," says DC economic policy director Emilio Rubbi, "but it definitely has less influence today. This situation," he explains, "results from the fact that the economic system has become more complex. New areas in finance have been created--areas in which Ciampi has no power to intervene directly. Suffice it to reflect that the banks (which are under the direction of the Bank of Italy) formerly absorbed almost 100 percent of all savings, whereas they currently handle only slightly more than half."

The Bank has accordingly been weakened by objective factors; it is not a question of personnel. Not everyone is negatively impacted, however: there are those--the socialists in particular--who would prefer a less obstructive bank of issue. "The Bank of Italy is not in decline, but it has been demythicized," says PSI economic policy director Enrico Manca. "There is autonomy, but it should not mean severing all ties with the government and with Parliament." In short, thunderbolts will continue to strike Via Nazionale, at least so long as the PSI occupies Chigi Palace.

Today, the polemics are increasingly out in the open. Craxi accuses the Bank of Italy of not acting with sufficient zeal to lower the cost of money. "The polemics become self-serving," Vincenzo Visco, economist and deputy of the Independent Left, cautions, "when the prime minister attacks the Bank of Italy by saying that interest rates should come down, and when he puts the blame on Ciampi for the inability of the government to make economic policy. A quick calculation will suffice to show that half of the nation's savings are obligated by the public debt, and that this is the real problem--the problem that conditions everything else. The truth is that the criticism directed at the Bank of Italy reflects a tendency to want to take over everything; it reflects the idea that a weaker, less autonomous bank would be easier to manage and advantageous for the government."

### Autonomy, Yes; Autonomy, No

The measure of the independence of the Bank of Italy vis-a-vis the government is a precise one, and it is provided by Ciampi himself. It does not consist so much of the annual rebukes--interspersed with occasional praise--that the governor inserts in his annual 31 May report, but rather in the freedom that the Bank has succeeded in obtaining by law, and has succeeded in exercising in its key role: that of printing money. It is no accident that Ciampi's philosophy, since the beginning of his term in office, has been that "the power to

create money should be exercised with complete independence from the centers where expenditures are authorized." It is a clear request by the Bank for autonomy vis-a-vis the government and Parliament, with the aim of preventing the "boom" in the government deficit from compelling the Bank to print too much money and thereby create inflation in order to satisfy the follies of government expenditure.

Ciampi has had this objective clearly in mind, and also the ways to attain it: namely, by freeing himself from two kinds of bondage vis-a-vis the Treasury (actually, the entire government): 1) the obligation to purchase from the Treasury the government bonds--the BOT (Treasury bonds) and the CCT--issued to finance the public debt, and 2) the obligation to make funds available to the Treasury at low cost (1.1 percent) via the "Treasury account" for up to 14 percent of the total of government expenditure. In other words, two bottomless pits for many tens of trillions of lire annually that forced the bank to print money, precisely to meet the demands "of the King." In his long march toward independence from the government and Parliament, Ciampi succeeded in abolishing the first-named kind of bondage by means of a law that authorized "divorce" between the Bank of Italy and the Treasury; and although he was exempt from purchasing any more government bonds, he continued--because of government pressure--to buy trillions of lire worth of them, thereby calling down upon himself the anger of a number of authoritative personages who judge him to be too complaisant in dealing with the government. In the meantime, the other perverse mechanism--the Treasury account--had obliged him to finance the government deficit by printing paper money.

Ciampi has in this way invited the accusation that he has created an excessive "monetary base" and has not moved vigorously enough against inflation. Moreover, the fear that the socialists want quite simply to annul the "divorce" completely and reestablish all of the former kinds of bondage is provoking new tensions. Minister of the Treasury Giovanni Goria himself writes that the socialist proposal "does not seem to be clear in its objectives, except that it does not want to abandon the effort to keep financial flows under control and therefore is opposed to allowing the government deficit to be monetized. If the plan is to solve these problems by printing money, it is more appropriate to say so plainly. But then what would become of the government's anti-inflation effort?" Goria's fellow party member Emilio Rubbi is somewhat more confident of being able to repel an attack in this direction: "It seems to me," he says, "that the socialists are confining themselves for the time being to talking among themselves about annulling the 'divorce'--to dreaming of it--in the hope that they will thereby be able to rid themselves of an obstacle to what they want to do. In any case," he says, "the divorce between the Treasury and the Bank of Italy cannot be annulled."

It will therefore not be easy to take the Bank of Italy back to the old days--to interrupt Ciampi's march toward a genuine autonomy that will enable him to protect "the value of our money," as he puts it. But it will also be difficult to continue that march further--toward complete monetary sovereignty.

"The Bank of Italy is moving in the right direction; it is more independent of the Treasury, but important problems remain to be solved," according to CEEP,



Giorgio La Malfa's center for research. What problems? According to Ciampi himself, "the separate roles and responsibilities of monetary policy, on the one hand, and the financing of government expenditure must be carried out: namely, abolition of the second kind of bondage, that "Treasury current account" which under such an anonymous title compels him to print inflationary money in order to plug the leaks in the form of the government deficit.

Rather than turning back, Ciampi wants the distances between the monetary authority and the politicians to be increased. Not only that: he is considering new legislation to make a balanced government budget mandatory (except for interest on the public debt), so that the government and Parliament will be forced to curb spending. In short, the governor may be about to go over to the counterattack. Even if the Bank of Italy is no more powerful than formerly, Ciampi has decided to use all his resources to defend its autonomy and to continue to push the politicians toward greater austerity in economic policy. It remains to be seen how many--and what--allies the governor will have at his side.

[Box, p 219]

#### What They Say About Ciampi

Is Carlo Azeglio Ciampi's Bank of Italy still independent of the government? And what power does the governor have today? We asked several party leaders and economists.

Napoleon Colajanni, economist, communist senator: "The Bank of Italy cannot act in a completely autonomous manner, because I do not believe that a systematic conflict is in the national interest. Ciampi, however, could have acted--even if not systematically--more in opposition to Treasury policy (or, rather, lack of policy)."

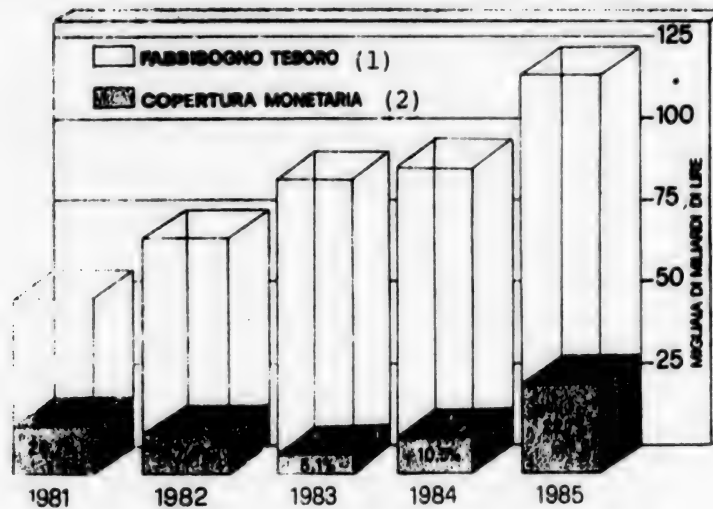
Enrico Manca, PSI director of economic policy: "Without wishing to diminish the Bank's prestige, it is well to recall that the government and Parliament cannot be dispossessed of their functions: guaranteeing the autonomy of the Bank of Italy does not mean guaranteeing uncritical support or ratification. The Bank, for example, displays little courage--and excessive circumspection--with regard to government requests for a reduction in the cost of money."

Virginio Rognoni, leader of the Christian Democratic deputies: "In the course of the past several years--it can be said--the Bank of Italy has acquired more autonomy in the exercise of its monetary-control functions vis-a-vis the Treasury. This does not, however, signify greater independence in political terms, given the fact that there is agreement as to the policies to be adopted."

Vincenzo Visco, deputy of the Independent Left, economist: "Ciampi's administration has been a very difficult one, because it coincided with a period of crisis in the world economy, a period of cruel monetary pressures throughout the world. Ciampi has had to lead the Bank of Italy in lean times, whereas Carli served during times that were fabulous. This difference explains to a great extent the current situation at the Bank. Even today, however--in a country where all appointments are political--the Bank of Italy represents an island of independence."



Figure 1. How the Treasury Nourishes Itself (figures in trillions of lire)



Key:

1. Treasury requirements
2. Coverage by monetization

How many lire should the Bank of Italy print to help the Treasury meet the government's requirements? Only in 1983 was it truly successful in curbing this phenomenon. Last year, however, the creation of money reverted to the level of 5 years before: the Bank of Italy had to cover 22.7 percent of the Treasury's requirements.

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ECONOMIC

PORTUGAL

EEC DEFINES 'DISADVANTAGED' AREAS, FARMERS TO BENEFIT

Lisbon O JORNAL in Portuguese 29 May-5 Jun 86 p 24

[Excerpt] Four-fifths of Portugal's territory and nearly 65 percent of Portuguese agricultural farmlands fall within the classification of "disadvantaged areas" adopted by the EEC.

The definition of disadvantaged areas was made this week in Brussels at a meeting of ministers of agriculture. Alvaro Barreto, the Portuguese minister, considered this agreement to be "a success" for our country.

According to the now-accepted definition, all the following are disadvantaged areas: all of Tras-os-Montes and Beira Interior, part of Entre-Douro-e-Minho, Beira Litoral and Ribatejo, all of Alentejo and almost all of Algarve--except a narrow band along the southern coast. The Azores are also considered a "disadvantaged area."

Under terms of this agreement, which culminated several months of negotiations between Lisbon and Brussels, these areas and their farmers will benefit from a more favorable system of aid, ANOP also states. Farmers will have the right to receive compensatory indemnity payments, which will constitute direct aid to their income. The share to be borne by the Adequate European Fund (FEOGA) will reach 3 million contos annually.

On the agricultural front, the plan of support for starting up and restructuring vineyards must still be resolved. The minister of agriculture says that negotiations for this purpose can be concluded by the end of the third trimester.

9895/13104  
CSO: 3542/114

ECONOMIC

TURKEY

## PRESIDENT ORDERS AUDIT OF NON-BUDGET FUNDS

Istanbul CUMHURIYET in Turkish 13 May 86 p 9

[Text] Ankara--The auditing of various funds has begun. The State Auditing Council is auditing the funds at the request of President Kenan Evren. The first fund selected for audit was the Public Partnership Fund. The establishment of a large number of extra-budgetary funds has been sharply criticized both in the Turkish Grand National Assembly [TGNA] and in other circles for a long time. The proposal by VAP [expansion unknown] Deputy Turkan Arikan for an Assembly probe into the funds was rejected in the TGNA by the votes of the government party. In response to these developments, President Evren instructed the State Auditing Council to audit the funds.

Deputy Turkan Arikan has conducted several studies on these funds. After her proposal for a probe was rejected, Arikan submitted a draft bill on this issue.

Stating that the monies collected in 6 funds alone equaled the budgets of 11 ministries in 1985, Arikan said that personal and individual protectionist trends are observed in the allocation of funds. Arikan said:

"The auditing of the funds is highly confusing. The Council of Ministers decisions establishing the Development and Support Fund, the Foreign Credit Currency Exchange Differential Fund and the Resource Utilization Support Fund in the last 2 years make no provisions for auditing. There are 21 separate auditing institutions for these funds. A coordinated system has not been built. Auditing coordination does not exist even for funds affiliated with the same ministry."

According to Arikan's studies the funds that have been established so far are as follows:

1. Fund for Fines Collected from Workers;
2. NATO Fund;
3. Fund for Building and Buying Ships and Building and Developing Shipyards;
4. Minerals Fund;
5. Mining Fund;
6. Fuel Price Stability Fund;
7. Fund for Oil Exploration and Petroleum-related Activities;
8. Physical Education Directorate General Fund;

9. Fund for the Encouragement of Turkish Sports;
10. Student Fees Fund;
11. Student Social Assistance Fund;
12. Higher Educational Council Fund for Selection and Placement of Students;
13. Research Expenses Fund;
14. Fund for Development of Tourism;
15. Fund to Assist Municipalities of Touristic Regions for the Purchase of Watering and Refuse Collection Trucks;
16. Fund to Assist the Repair of Protected Immovable Cultural Monuments;
17. Fund for the Support of Cinematic and Musical Arts;
18. Civil Defense Fund;
19. Fund for Assistance to Needy Soldiers' Families;
20. Provincial Special Administration Fund;
21. Local Government Fund;
22. Infrastructure Investment Fund;
23. Fund for the Development of Traffic Services;
24. Cement Fund;
25. Vegetable Oils Price Stabilization Fund;
26. Insurance Fund;
27. Guarantee Fund;
28. Industrial Credit Fund;
29. Organized Industrial Zones Fund;
30. Fund for the Installation and Maintenance of Small Artisan Centers;
31. Fund for the Development of Small Artisan Cooperatives;
32. Fund for the Development of Small Industries;
33. Fund to Encourage People's Enterprises;
34. Fund to Assist Factory Training Centers;
35. Fund for the Promotion of and Training for Cooperatives;
36. Fund for Government Assistance to Agricultural Village Cooperatives and Their Supervisory Organizations;
37. Handicrafts Fund;
38. Fund for Assistance to Farmers Hurt by Natural Disasters;
39. Fund for Lending Seeds to Needy Farmers;
40. Land and Water Credit Fund;
41. Agricultural Reform Fund;
42. Private Housing Fund;
43. Fund for the Development of Forest Villagers;
44. Earthquake Fund;
45. Natural Disasters Fund;
46. Fund for the Construction of Government Worker Lodgings;
47. Fund for the Construction of Public Housing in Underdeveloped Areas;
48. New Settlements Credit Fund;
49. Fund for Construction Implementation, Nationalization and Organization;
50. Fund Under Governors' Jurisdiction in Accordance with Law No. 2981;
51. Municipalities' Share from the Fuel Consumption Fund;
52. Municipalities Fund;
53. Currency Exchange Differential Compensation Fund;
54. Fund to Pay the Expenses of Projects that Have Foreign Financing;
55. Auxiliary Compensation Fund;
56. Nationalization Fund;
57. Fund for Paying the Teaching and Training Expenses of Foreign Military Personnel;

58. Fund for Acceleration of Investments;
59. Public Vehicles Guarantee Fund;
60. Financing Fund;
61. Value Added Tax Fund;
62. Fund for the Development of Tax Administration;
63. Material Assistance Fund for Villages That Wish to Build Their Own Mosques;
64. Cash Compensation Fund;
65. Martial Law Expenses Fund;
66. Fund for Priority Regions Designated by the State Planning Organization;
67. Fund for the Prevention of Environmental Pollution;
68. Fuel Consumption Fund;
69. Free Trade Zones Fund;
70. [Unknown term] Fund;
71. Border Trade Fund;
72. Turkish-German Fund;
73. Public Housing Fund;
74. Public Partnership Fund;
75. Promotion Fund;
76. Fund for the Development of the Defense Industry;
77. Blocked Funds Fund;
78. Broker Liquidation Fund;
79. Special Accounts Fund;
80. Securities Organization Fund;
81. Savings Insurance Fund;
82. Fund for the Development of Exports;
83. Fund for Encouraging Exports;
84. Price Support and Stabilization Fund;
85. Resource Utilization Support Fund;
86. Development and Support Fund;
87. Fund to Support Organizations Assigned to Insure the Remuneration of Firms Working Overseas and Workers Who Face Financial Difficulties While Working in These Organizations;
88. Capital Market Council Fund;
89. Selective Credit Fund;
90. Foreign Credit Currency Exchange Differential Fund;
91. Accounts for Payments to be Made from the Price Support and Stabilization Fund by the Money Credit Institution in Accordance with Directive No. 41.

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22 July 1986

ECONOMIC

TURKEY

## PRIVATIZATION BILL GOES BEFORE ASSEMBLY

Istanbul CUMHURIYET in Turkish 13 May 86 p 9

[Text] Ankara--The State Economic Enterprises [SEEs] and organizations affiliated with them will be privatized. The Council of Ministers will decide on the privatization of the SEEs and the Public Partnership Council will decide on the privatization of SEE-affiliated organizations. These organizations will become ordinary partnerships in which the public sector will have a share of less than 50 percent. The government will continue to guarantee the bonds issued by the organizations to be privatized.

The draft bill envisaging the privatization of the SEEs was submitted to the Assembly Presidency yesterday. The bill, which will be discussed by the appropriate commissions in the coming days, also incorporates changes in the Central Bank Law, the Banking Law and several other laws. According to the bill, the SEEs may be privatized by the decision of the Council of Ministers while SEE-affiliated corporations, partnerships and enterprises will need the approval of the Public Housing and Public Partnership Council for privatization. Organizations whose privatization is approved will automatically be cut off from the ministry they are affiliated with and will come under the jurisdiction of the Prime Ministry. Procedures regarding privatization will be exempt from any taxes, stamp duties and fees. Government-owned shares in organizations to be privatized will be wholly transferred to the Public Housing and Public Partnership Council without the payment of any compensation, and these corporations will be turned into ordinary partnerships without being subject to the provisions of the Turkish Trade Law, the Capital Markets Law and other related laws. Until such time as the public sector's share in these organizations is reduced to less than 50 percent, the Public Housing and Public Partnership Council will be authorized to determine the establishment, the activities, the organs, the administration and the control of these organizations; to set their capital amounts; to take measures to ease privatization procedures; and to determine the distribution of the funds to be raised in these operations among the Public Partnership Fund, the Treasury and the privatized corporations. The privatized corporations will inherit the rights, the benefits and the debts of the public corporation.

According to the bill, the government will continue to guarantee the bonds issued by the organizations to be privatized and the government-insured domestic and foreign debts of the organization. The bill also envisages to protect all the rights of the employees of the organizations to be privatized

during the transition period and until the date the privatization is approved. The bill also provides for the speedy transfer of SEE employees to other public sector organizations if they wish to do so after privatization.

The bill lifts restrictions on the Central Bank's fundamental function of taking decisions on money and credit issues and gives the Central Bank oversight authority to insure that rules instituted by it are complied with by the other banks. The bill expands restrictions on the amounts advanced to banks on the basis of bond collaterals.

The bill gives the Central Bank the authority to take measures regarding the functioning of the money market thus creating the possibility of meeting any demands that may arise as the market develops. According to the bill, the Central Bank will also be able to conduct sales and purchases of government bonds for domestic borrowing.

The bill provides for the investment of monies unused by the Public Partnership, Public Housing and Defense Industry Support funds for their designated purposes in areas outside the Central Bank to prevent the waste of idle monetary resources and stipulates that the Council of Ministers set the rules and regulations for this procedure.

#### Reason

In giving general reasons for the bill, the bill recalls that the 5th Five-year Plan and the government program provide for the possibility of the sale of SEEs if necessary and says: "The Council of Ministers has found it necessary to take a decision with regard to the privatization of SEEs. It has been decided to authorize the Public Partnership Council to decide on the sale, transfer, lease, transfer of management and liquidation of corporations, partnerships and business units affiliated with the SEEs."

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ECONOMIC

TURKEY

CUSTOMS LAW AMENDMENT FINALIZED, WILL CHANGE 50 ARTICLES

Istanbul HURRIYET in Turkish 13 May 86 p 4

[Report by Yavuz Gokmen]

[Text] Ankara--The Ministry of Finance and Customs has given final form to the law amendment which will change 50 of the 183 articles in the current Customs Law and which will modify customs legislation to comply with the principles of an open economy and the new foreign trade regime. Meanwhile, plans to prepare a new law were dropped.

Officials explained to HURRIYET the reasons and the fundamentals of the law amendment as follows:

--The general spirit is to modify customs legislation such that it is compatible with the government's foreign trade policy and so it can work within the framework of the rules of a modern open-door economy.

--The law amendment will eliminate the rigid rules of existing customs legislation and will give the Council of Ministers--the Ministry of Finance and Customs under exceptional circumstances--wide authority to find quick and definitive solutions to problems that may emerge.

--One of the reasons for the law amendment is that the current customs legislation incorporates legal provisions even on issues which can be resolved by the approval of a single minister. In its current state, customs legislation is a collection of conflicting regulations. The law amendment will incorporate provisions which will turn customs legislation into a coordinated whole.

Some Provisions

The officials disclosed some of the major provisions in the amendment as follows:

--Under current law, investment goods (such as trailer trucks) imported from abroad cannot be transferred to another party for 10 years if they are exempted from customs duty. The amendment will give the Council of Ministers the authority to reduce this period to 5 years.

--The Council of Ministers will be authorized to resolve problems arising from the importation of land, sea or air vehicles brought by tourists (such as problems related to goods in a tourist's yacht that are subject to customs duty.)

--Under current law, the State Authority for Maritime Lines, Railways and Airports has an entrepot monopoly on customs goods that are stored in Turkey. The amendment opens this service to other public or private sector organizations.

--Provisions will be included in the law to allow the customs organization to use computers, and provisions barring the use of computers will be eliminated.

--An important change brought by the amendment is the reorganization of penalties and fines related to customs duties. Under current law such penalties are described as "monetary fines"; the amendment will define them as "tax penalties," and any disputes will be settled in tax courts rather than in civil courts.

--In view of the increasing transit trade in Turkey, current provisions on transit trade will be changed to make such trade easier.

--The amendment provides for easier and faster processing of the liquidation of goods which have been brought to Turkey and for which customs duties have not been paid.

--The institution of customs commissions will be reorganized and made more accountable.

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ECONOMIC

TURKEY

## OFFICIAL PRICE STATISTICS DISPUTED, DEFENDED

### Political Interference in Figures Charged

Istanbul MILLIYET in Turkish 13 May 86 p 4

[Report by Sirri Caglar]

[Text] Ulker Tunca has worked as a statistician for 20 years. She spent many years at the State Statistics Institute [SSI]. She recently "went back to her home" after being "forced to retire," as she insists. One day she could not take it any more, and she decided to talk about the "mistakes made" at the SSI which is entrusted with the task of "correctly" measuring the pulse of the Turkish economy.

Mrs Tunca portrays the SSI as follows:

—Only a handful of statistical experts and trained personnel remain at the institute. The SSI has become a political employment warehouse. Consequently, the indexes it compiles are "political."

—The SSI which was established at the bequest of Ataturk is now in a pitiful state. Its current pool of experts is the smallest in its history. Price and national income figures are being computed using philosophy and history teachers.

—Some workers at the SSI produce low price figures to appease the government. The falsification of figures is not so much the result of government pressures, but considerations of this kind.

—Weightings used in price indexes have been filled with false information. Ferhat Senocak, who is currently the SSI Regional Director for Istanbul, selected the items that would be used in Istanbul price indexes, but many of the items chosen were not even produced at the time the selection was made.

—How is the price index for Istanbul computed? The district of Sisli which spreads over an area of 30 square kilometers is considered an area of 4 square kilometers. Some SSI officials collect price data from what is displayed in store windows, others go inside and ask for prices and still others take an average.



--While there are over 104,000 housing units in Kadikoy, only 8 are monitored as rental units. In Eyup where there are more than 74,000 housing units 2 units are monitored, and in Bakirkoy where there are over 197,000 housing units 5 are monitored for rent adjustments.

--Because of faulty information gathering methods, rents appear to be steady. The rent for a 5-room rental unit is considered to be the same as a 2-room unit. With such assumptions, rent is included in price indexes with a rosy outlook.

--The SSI computes average price increases in 14 provinces, but the luxury home in Istanbul is given the same weight in the index as the average house in Erzurum.

--SSI officials assail the Istanbul Chamber of Commerce [ICC] to exonerate themselves, but today many organizations have begun taking the ICC indexes seriously. This is because the SSI is regressing and is open to political influences. Furthermore, questions are being raised about how scientific its results are.

#### A 'Statistical' Casualty

Ulker Tunca, a "forced" retiree from the SSI, has served in the government for 20 years. After finishing high school on a government scholarship, Tunca was admitted to the School of Economics of Istanbul University with the highest entrance examination score. She attended the university on a university scholarship. Tunca, who also studied statistical mathematics for 2 years at the Missouri State University in the United States, began working for the SSI in 1965. In 1980, she received a master's degree from the Statistics Department of the School of Business of Istanbul University. Between 1973 and 1978, Tunca served as the chief expert in the preparation of the Istanbul Grand Reorganization Plan which was conducted jointly with the World Bank.

[Boxed material, p 4]

#### What Do Doubtful Figures Indicate?

As indexes measuring inflation become less reliable, wage increases granted on the basis of the inflation rate become more meaningless. If the indexes are not computed accurately the following items and individuals are affected:

--Increases and adjustments in the salaries of civil servants and retirees numbering more than 1.5 million people.

--Increases in the wages of public sector workers.

--Collective bargaining talks conducted by workers in the private sector.

--Increases in the floor prices of agricultural products.

--Rents.

—International organizations, banks and businessmen who study Turkey's economy.

—Interest rates.

—Real numbers in economic indicators.

#### Official Defends SSI Figures

Istanbul MILLIYET in Turkish 13 May 86 p 4

[Report by Deniz Arman]

[Text] The SSI officials who were sharply criticized by Mrs Tunca have stated that "they do not lie." A "senior" SSI official who requested that he remain anonymous "on grounds that he is a government official," said the following:

—Statistics is a serious business, but it is based on probability. For example, since price indexes are prepared using "sampling" techniques, the effect of probability on results is very high. Let me explain you with a few examples:

—Suppose you divide Istanbul into neighborhoods, and you wish to compute the average household income in Moda. You randomly select a house with "a certain number" as your control sample. It may well be that an industrialist is living in that house. What happens then? The average household income for Moda will appear to be high because of our control sample. However, we know that there is a large number of retirees in Moda. In other words, although there are high-income residents, the neighborhood is dominated by middle-income people. Such situations are frequently encountered in sampling.

—In computing price indexes for Istanbul we take all the districts in the province into account. We collect price data from 506 locations.

—For example, the price of spinach in each of these 506 locations affects the average price of spinach in Istanbul. In other words, we do not compute the price index for all of Istanbul by taking price data from only 3 spots.

—After we divide the city into neighborhoods, we do not collect price data just by going to one produce market, one supermarket and one grocery store. First we determine what percentage of the people in that neighborhood shop in which stores or markets. We include the price data we collect from these stores and markets in our indexes after we weight them in accordance with the frequency of those stores' use by the people of the neighborhood.

—For example, suppose produce store Y in neighborhood X is selling tomatoes for 350 Turkish liras a kilogram and only 7 percent of the population of that neighborhood shop from that store. Suppose "Grand Market" Z in the same neighborhood is selling tomatoes for 280 Turkish liras and most people shop from that store. Now if you take the price of the produce store as the price of tomatoes how accurate would your index be? The price of the produce store must of course be taken into account but it must be correctly weighted.

Otherwise, if you do not do that and take the price of tomatoes as 350 Turkish liras rather than 280 Turkish liras your index would not reflect prices accurately.

--The price index is prepared with 1978 taken as the base year. In other words, good and service categories have been established on the basis of consumption patterns in 1978. Although that is not a very old date, we have heard criticism that many things have changed since then. On the other hand, some indexes take 1965 as their base year, others use 1938 as their base year. Now, in all honesty, you tell us: Which one of those base years is more realistic?

#### Istanbul Commerce Chamber Responds to SSI Charges

Istanbul MILLIYET in Turkish 13 May 86 p 4

[Text] Dundar Ucar, Deputy President of the Istanbul Chamber of Commerce [ICC] responded to the allegations of State Statistics Institute [SSI] President Sefik Yildizeli and said: "Our index is accurate."

In a statement to our paper with regard to the confusion over price indexes, the SSI President had charged that the ICC index is full of contradictions. Ucar replied to that as follows:

--Fresh fruit and vegetable prices fell in March thanks to good weather conditions. But because of the way the index is compiled, in April there was a 29.9 percent rise in fresh vegetable prices and a 13.5 percent rise in fresh fruit prices because of seasonal changes in the composition of that group. (The SSI President had charged that there was no change in the price of these items in April.)

--The 2.6-percent rise in the price of pleasure goods was the result of a 10.2 percent increase in the price of coffee. (The SSI President had said: "There was no price increase on State Monopoly products. The why did the price of pleasure goods go up?")

--Taxi and shared taxi fares in Istanbul rose by 10 percent and this increased the transportation group index by 0.4 percent since these fares have a 0.164 percent weight in the index of that group. (The SSI President had said that hikes in transportation prices are not reflected in the ICC index.)

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ECONOMIC

TURKEY

## SHARP INCREASE REPORTED IN MONEY SUPPLY

Istanbul CUMHURIYET in Turkish 13 May 86 p 11

[Text] Attention is once again focused on the growth of the money supply following the surge of the money emission rate to over 1.5 trillion Turkish liras in the week of 25 April-2 May. Up to 18 April, the narrow-sense money supply known as M1 had grown by 5.4 percent and the wide-sense money supply known as M2 had risen by 10.9 percent. The money emission volume, on the other hand, rose by as high as 18.8 percent between 27 December and 2 May.

Although part of the reason for last week's large increase in the money emission rate was the banks' demand for cash for Institutions Tax payments, it is widely believed that the reins on the outflow of money are being loosened. The payment of the Institutions Tax by the corporations from their bank accounts increased the flow of money into the market. To meet the Turkish currency demand of their large customers to pay their Institutions Tax, the banks withdrew money from large deposit banks and from the Central Bank.

It was determined that the banks withdrew funds from Turkish currency accounts in the Central Bank which are known as "free deposits." Moreover, the rise in interest rates and the increased trade on the Turkish currency markets run primarily by the Central Bank led to an increase in the money circulation rate.

Another factor that caused the record rise in the money emission rate was the Treasury's higher than normal recourse to Central Bank resources during the said period. During the period 25 April-2 May, the Treasury used another 33.7 billion Turkish liras from its advance accounts in the Central Bank; the amount advanced to the Treasury from the Central Bank has thus surpassed the 1-trillion-lira level.

A senior Central Bank official admitted that payments of the Institutions Tax had an effect on the rise of the money supply and said: "The Treasury has begun large-scale back payments. The cash advanced will soon return to under 1 trillion Turkish liras. The rise in the emission rate must be considered normal in view of the increased Turkish currency trade on the interbank market and the fact that salaries were paid at the beginning of the month. Furthermore, since the money that has been injected into the market is not going to be used for consumption but to pay taxes, this money will return to the Treasury and consequently to the Central Bank."

The emission rate rose to 1,529 billion Turkish liras at the beginning of May realizing an increase of 43 percent over the same period last year when the Institutions Tax was once again due.

Changes in the Money Emission Rate Over the Last Year

| <u>Month</u>         | <u>Amount</u><br><u>(billion Turkish liras)</u> |
|----------------------|---|
| May (1985)           | 1,068   |
| June                 | 1,190   |
| July                 | 1,267   |
| August               | 1,463   |
| September            | 1,367   |
| October              | 1,327   |
| November             | 1,352   |
| December             | 1,286   |
| January (1986)       | 1,344   |
| February             | 1,391   |
| March                | 1,393   |
| April (18-25 April   | 1,431   |
| May (25 April-2 May) | 1,529   |

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ECONOMIC

TURKEY

#### PAPER OVERVIEWS POLLING ORGANIZATION ACTIVITIES, METHODS

Istanbul MILLIYET Magazine in Turkish 4 May 86 pp 8,9

[Text] Following the 24 January 1980 decisions, Turkey entered an important and rapidly developing phase of economic, social and political change. As a result of this new image, a major need has arisen in Turkey for information in economic, business and social affairs.

Collecting accurate information about social, political and economic issues through grass-roots surveys is as important as making correct decisions on the basis of reliable information.

Today, poll-taking is a widely recognized contemporary profession in Turkey. A large number of people—even untrained administrators—are asking for surveys; they no longer move with the mentality of "I started this business, I can run it however it is necessary" or "Let us first start, then we will rely on our luck." Most importantly, confidence has been established for polling results.

MILLIYET has been working with PIAR [Market Research Center] and SIAR [Social and Economic Research Center] on an exclusive agreement basis for the last 16 months. Today, we would like to give our readers a closer look at these two organizations.

The year is 1983. We are approaching 6 November week by week. MILLIYET readers live the excitement of the upcoming elections through PIAR polls published on the first page. Every week brings in a new dimension. The polls explain to our readers clearly how the voting patterns are changing, how public opinion is divided and how the undecided bloc is shrinking. This continues until the last two polls at which time martial law authorities ban them.

Final election results show that PIAR's analysis was correct with a 1-percent margin of error.

Then came the local elections of 24 March 1984. Poll results published by MILLIYET and PIAR were nearly identical with the final outcome with a small scientific margin of error.

SIAR Research Director Temel Aksoy says: "Election polls need courage both to conduct and to publish. The fact that they come out to be true is very nice."

Aksoy says that thanks to MILLIYET's decision to stand by poll results and to publish them marketing as well as social surveys have won the Turkish public's confidence.

PIAR's election polls constitute very important work in terms of telling the public about survey results through official channels. From this standpoint, every result announced by the scientific forecast center of PIAR and its sister organization SIAR affect our relations with the marketplace as producers and consumers as well as our social lives.

#### International Brotherhood

PIAR, established in 1975, is a member of the International Gallup organization which began its surveys in the United States in 1935 and in Britain in 1938. SIAR is the sister organization of PIAR which has specialized in market research since 1975. Around the end of 1983, PIAR divided its work into two and turned over its social surveying activities to SIAR which is a separate department within its own structure.

Gallup, in which PIAR and similar organizations from 40 different countries are members, is an international polling network which conducts surveys in more than 50 countries. Bulent Tanla, one of the founders and current administrators of PIAR says:

"Organizations affiliated with this network utilize advanced technology, are reliable and are all members of ESOMAR, that is the European Public Opinion and Market Research Association." He added that ESOMAR is an organization which insures international exchange of information among pollsters and which sets and tries to improve technical standards for service.

SIAR is a single-cell organization which cooperates with PIAR technically and which uses PIAR's data gathering and analysis facilities. PIAR, on the other hand, has various different departments and its work proceeds through various phases.

#### Survey Types by PIAR

##### 1) Ad-hoc surveys:

Ad-hoc surveys are conducted with the purpose of finding realistic solutions to firms' production, pricing, distribution and promotion problems.

Ad-hoc surveys, which are conducted on order-by-order basis and which constitute the biggest portion of PIAR's turnover, compile detailed market information at every stage of production and marketing, beginning with marketing and the sale of the product to the end consumer and following up with post-sale services.

Major ad-hoc survey topics are: Product image, packaging tests, labeling tests, company image, market shares, demand forecasts, distribution network studies, tactical and strategic studies, document testing and advertising studies (before and after).

## 2) Syndicated surveys:

In the media survey type recently introduced by PIAR, 24,000 sample groups are surveyed every year (2,000 each month) in 40 different cities. Media surveys are included in syndicated surveys.

Syndicated surveys are panel-type surveys which are conducted with the participation of several firms from the same sector.

Syndicated survey panels arranged by PIAR through its 10th year include: A bank panel, a consumer panel for durable household gadgets, a consumer panel for children's products, a panel for construction materials and an advertising panel.

Topics of overseas syndicated surveys conducted by PIAR include: Minicomputers, eating habits outside the home, banks, book reading habits, wines, "Top 10" records, "Top 10" videocassettes, "Top 10" audiocassettes, tourism agencies, airlines, electrical household gadgets and others.

Syndicated surveys may also include industrial surveys.

## 3) Industrial surveys:

Industrial surveys are defined as work to determine the domestic and overseas market structures of a general sector or individual firm and their subsectors; to find out the market shares of products or product groups; to make proposals with regard to machinery stocks, production, consumption and demand; and to conduct feasibility studies whenever an investment is at issue.

Industrial surveys generally go beyond polling and involve high-level meetings and desk work that incorporates statistical methods.

## 4) Omnibus surveys:

"Omnibus" is a term used in the international market research terminology with reference to a collection of different but related questions.

Omnibus market surveys incorporate results from periodic polls taken each month among 1,400 sample groups in 14 provinces in which several firms participate. The polls are repeated at regular intervals and thus allow the participating firms to monitor developments and changes in the market continuously and thus constitute a method that allows these firms to find a solution to any problems in a competitive environment.

Omnibus surveys are used as a source of research into consumer behavior following a large survey conducted by the firm.

## PIAR Qualitative Research Department

### Group discussions:

Group discussions are a type of work conducted through groups of 7 to 9 people to find out in more detail consumer behavior with regard to a particular product in areas where quantitative data is limited.

Detailed interviews, on the other hand, are used by psychologists and sociologists; subjects are interviewed for 1 1/2 to 2 hours to determine their views, behavior, beliefs and ideas with regard to a certain issue while taking their individual differences into account.

Information that is obtained through such work, which utilizes an advanced device called a tachistoscope, includes: The compatibility of packaging with the character of the product, the comprehensibility of a message, the image created by the firm's emblem, the most noticeable part of a printed design, comparison with competitors, etcetera.

### Supermarket Tests

In these surveys, the consumers' reaction to physical stimuli are studied. These surveys examine and analyze factors which influence a person's decision to buy a product and monitor expressions on people's faces. These tests are sometimes conducted through one-way mirrors from another room if the subject consents.

### Impact Tests

The "impact test," known also as "the day after recall," is a method used by member organizations of Gallup in countries where advanced polling methods are employed.

As a result of the need to squeeze television commercials into small time slots, the increasing share of advertising costs in company budgets and the rising number of firms who want to know exactly the benefits of promotion, post-advertising ad-hoc surveys are conducted at the request of companies; impact tests give continuity and organization to these surveys.

### Quantitative Research

This method, which was first employed in Turkey for MILLIYET, is aimed at the study of the causes of the results obtained from qualitative research in such areas as reader behavior and market.

Quantitative research, which is a central part of PIAR's and SIAR's work, assists qualitative work by taking a photograph of reader behavior, mapping it out and converting it to numerical values and provides illuminating information on the interpretation of intangible and invisible new trends.

### What Is Social Research?

ESOMAR defines social research as "the systematic collection, objective recording, classification, analysis and publication of the behavior, needs, beliefs and instincts of individuals and organizations with regard to social, political and economic issues."

The goals of social research are:

—To provide accurate information to those who have to make decisions on social, political and economic issues.

--To insure a timely supply of accurate information to those who have to make decisions on social, political and economic issues.

--To show that the average man on the street is also capable of making good and correct decisions.

--To underscore the significance of everyday events.

--To shed light on issues about which we remain uninformed without the benefit of social research.

--To ascertain the power of public opinion against the power of pressure groups.

--To show that voters cast their ballots not only for their own interests but also out of concern for collective and national interests.

#### PIAR, SIAR Ties

PIAR and SIAR are two organizations which are very close to each other in providing information on market and social research to individuals, organizations and companies and in the methods they employ.

Market research provides a two-way communication between those who produce goods and services and those who consume them. It thus defines the people's needs and behavior and supplies information that forms the basis of the decisions of public or private sector executives.

Social research, on the other hand, helps the public and politicians, individuals, groups and organizations interested in such issues to have unbiased and accurate information about the people's desires, behavior, needs and beliefs.

Since both types of research are concerned with the subject of human behavior, they have to use the same methods and work with common rules of methodology. Market and social research are now integrated thanks to coordination between the work of ESOMAR and the International Chamber of Commerce and the establishment of a common code of ethics.

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ENERGY

FEDERAL REPUBLIC OF GERMANY

#### MINISTRY INVESTS IN WIND ENERGY RESEARCH

Duesseldorf HANDELSBLATT in German 26 May 86 p 12

[Article: "Research Minister Financing Advancement of Combined Installations for the Future"]

[Text] Duesseldorf. Since 1974 the Ministry of Research has supported more than 100 different wind power installations with DM219 million. In the coming 4 years another DM20 million is to be invested in public research and development resources, especially in medium and smaller-sized projects. The Ministry estimates the economically exploitable potential of wind power at about 12 million SKE [coal units], which is the equivalent of about 3 percent of today's primary energy usage.

Indeed German manufacturers, primarily the Wind Power Plant H. Frees, Brodersby/Kappeln, as well as MAN Technology GmbH, Munich, which was responsible for the well-known large scale "Growian" project, have built several hundred such installations in the past years. The units were principally exported, however. The focus of concentration in the future is going to be combination installations which generate electricity in tandem with a diesel generator and thereby contribute to the reduction of fuel consumption in the generation of electricity. This kind of application of wind power technology appears to be especially of interest to developing countries because a decentralized supply infrastructure can be created with it and, in addition, a contribution to the reduction of oil imports can be made.

The BMFT [Ministry of Research and Technology] wants, in accordance with this trend, to test wind power installations in countries of the Third World. At present, sites for a good dozen such projects are being sought. Among the new German advancement projects is also a 1.2-megawatt wind power installation on Helgoland, which should simultaneously serve the power and water supply of the island.

A contract has now been signed between the gas and electric works of Wilhelmshaven and Messerschmidt-Boelkow-Blohm GmbH, Munich. MBB will erect in Wilhelmshaven a wind park with three Monoporters-50 converters as a demonstration project. The project has a capital investment of DM16 million and is to be implemented within the next 3 years. The Lower Saxony state government is financially supporting this project.

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ENERGY

FINLAND

CHERNOBYL AFTERMATH: TWO OF THREE FINNS OPPOSE NEW NUCLEAR PLANTS

Stockholm DAGENSNYHETER in Swedish 9 May 86 p 8

[Text] Two of three Finns do not want to have an expansion of nuclear power in Finland after the Chernobyl accident. This is according to an opinion poll taken by the newspaper SUOMEN KUVALEHTI one week after the disaster.

Altogether, 64% of those asked said no to plans to build a fifth Finnish nuclear power plant.

When the accident at Chernobyl occurred, plans for the fifth nuclear power plant were already advanced. Now, all plans have been put on ice.

Only 17 percent continued to support building a fifth nuclear power plant in Finland. (TT, Helsinki).

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ENERGY

NETHERLANDS

CURRENT, LONG TERM NATURAL GAS SUPPLY, SALES VIEWED

Rotterdam NRC HANDELSBLAD in Dutch 15 May 86 p 11

[Report: "Due to Discoveries on Mainland and in North Sea, Gas Reserves Remain Almost Unchanged Despite Higher Sales"]

[Text] Groningen, 15 May--In 1985 there was a relative improvement in the natural gas supply situation in the Netherlands for the coming decades, despite higher sales of over 7 percent in 1985.

This improvement is the result of new discoveries both on the mainland and in the North Sea. New future gas imports from Norway are also being taken into account.

The Dutch Gas Union, in its new sales plan for the next 25 years which just came out, takes the position that during that period it has approximately 2200 billion cubic meters of natural gas available. Compared to the expected quantity last year, that is only 5 billion cubic meter less, while considerably more gas was sold during the last year. Partly due to last year's severe winter, total sales increased from 74.3 to 79.6 billion cubic meters. Of that, 42.9 billion was sold domestically and 36.7 billion cubic meters were exported.

The greater volume of sales plus the relatively high oil prices and dollar exchange rate caused the turnover of the Gas Union to rise to a record high of 34.3 billion guilders, almost 4 billion more than in the preceding year. For the current year, however, the Gas Union expects a sharp decrease in turnover as a result of the strong decrease oil prices which will also force the prices of natural gas downward.

The expected supply of 2200 billion cubic meters of gas for the coming 25 years is countered by the Gas Union with a sales estimate of 1530 billion cubic meters. After the year 2011, over 660 billion cubic meters of expected reserves will then remain, adequate to supply domestic buyers with gas until about 2030.

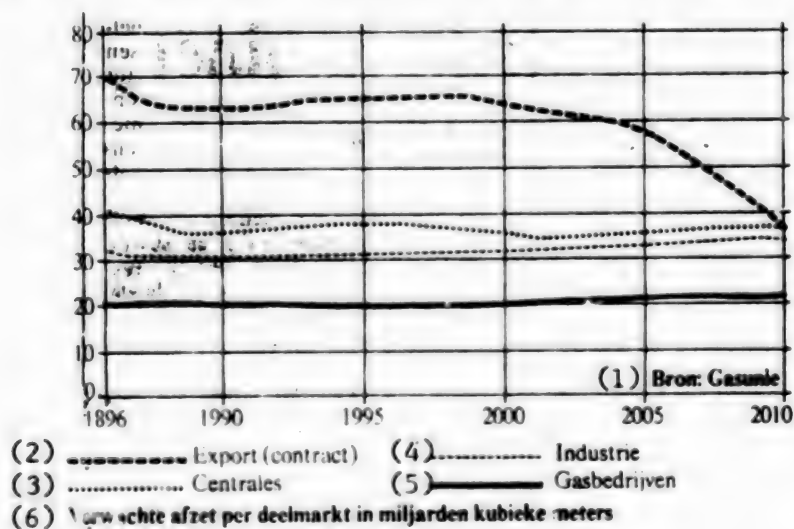
The long-term planning is based on a basic scenario departing from a moderated economic growth (2 percent per year) and a real increase of oil prices of 1.5 percent per year. Until 1990, however, a decrease is first expected in oil

prices. In the planning, the extreme drop in oil prices since last December has been taken into account. This development is so recent that, according to the Gas Union, nothing much can be said right now on its duration and effect. Although the company expects oil prices to recover in time, it is currently still studying the potential consequences on the natural gas market of the developments of the oil price.

The annual report does not mention either the possible halt in construction of new nuclear plants in the Netherlands and other Western European countries as a result of the accident in the Soviet Chernobyl. If fewer nuclear plants are built, more coal and possibly also more natural gas must be made available for the generation of electricity.

The Gas Union policy continues to aim at conserving the Groningen gas field and to first use as much gas as possible from other fields. A few years from now the pressure in the Groningen field will start to drop. In the nineties hefty investments will be needed to accommodate the consequences of that. Last year the Gas Union invested over 200 million guilders in the expansion and adjustment of the pipeline systems and installations. This year over 500 million guilders will have to be spent for that. That hefty increase is related to the start of the nitrogen treatment project in Ommen and the expansion of the transport network for high-caloric gas.

The Gas Union is taking into account that after 1995 annually about 3 billion cubic meters of gas will be imported from the Norwegian Troll field.



#### Key:

- |                        |  |
|------------------------|--|
| 1. Source: Gas Union   | 4. Industry  |
| 2. Export (contract)   | 5. Gas companies   |
| 3. Generating stations | 6. Expected sales per market segment in billions of cubic meters |

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ENERGY

SWEDEN

# PRIME MINISTER INDICATES BARSEBACK UNIT MAY BE FIRST SHUT DOWN

Stockholm DAGENS NYHETER in Swedish 9 May 86 p 6

[Text] The nuclear power plant in Barseback will probably be the first one shut down in Sweden. This is a conclusion which can be drawn from prime minister Ingvar Carlsson's statement since the government gave the energy council the task of reviewing safety at Swedish nuclear power plants after the accident at Chernobyl.

The energy council has been the government's reference group since 1985 on issues concerning nuclear power shut down. This one shall be carried out by the year 2010 at the latest, according to the referendum decision.

According to Ingvar Carlsson renewed testing of the nuclear power program is needed like the one following the (1979 Harrisburg), accident which led to the Swedish referendum in the subsequent year.

"It is not only safety that is decisive in the manner of Swedish nuclear power plant shut downs," says Ingvar Carlsson. The density of population is of great significance in this connection, and will be considered in making decision.

Therefore, Barseback could be the first plant to be closed because it is located in a densely populated area.

Ingvar Carlsson also believes that it is important to listen to Danish viewpoints, and there is a strong Danish opinion against Barseback.

Ringhals 2

The decision to invest just over one billion in Ringhals 2 is in line with the demand for safety, says Ingvar Carlsson--new investment has a goal toward reinforcing safety in this nuclear power plant.

It is now clear that the Swedish nuclear power program can be changed if the report which the energy council prepares presents data which changes the security judgment. However, according to Swedish political tradition data is gathered first and analyzed before the government takes another position and retests decisions which were made before.



Last Wednesday, Ingvar Carlsson also said that the government cannot think of closing Barseback based solely on Danish demands. First, an overwhelming judgment of safety must be made before one can decide which unit must first be taken out of service.

State secretary Kjell Larsson, who is Ingvar Carlsson's closest colleague, says to DAGENS NYHETER that it is very important to find out (as soon as possible) what consequences the accident in Chernobyl may have for the Swedish nuclear power program. "Naturally, it is essential to take people's anxiety seriously," says Kjell Larsson. "The best way to do this is to gather as many facts as possible. We acted in the same way after the accident at Harrisburg."

"Promptly"

The energy council's report will be made "promptly," which means during the year 1986. With this as a basis, the government will take a position on the changes which could be needed in the Swedish nuclear power program. Other parliamentary parties will be invited to discussions on this.

One of the energy council's first tasks will be to find out all the details concerning the accident in Chernobyl, a subject on which up until now only scanty information has been released. Ingvar Carlsson assumes that the government and energy council will receive answers to all the questions which have been presented to the Soviet Government.

The government's tasking to the energy council means that the council's authority has been expanded. The energy council includes representatives from all five parliamentary parties, the environmental movement, the municipalities, LO and TCO, the business community, power industry and research. Since last Wednesday when the council was tasked, LRF's chairman Sven Tagmark has been involved along with TCO's Bjorn Rosengren, researcher Thomas B. Johansson and the Social Democrat Marianne Gustafsson. Experts from nuclear power inspection, the Radiation Protection Institute, the Energy Ministry and the Environmental Protection Ministry, will also be involved.

The energy council will hold its first meeting concerning the current tasks next week.

#### Monitoring

At its meeting last Wednesday, the government decided that, as Ingvar Carlsson said at his meetings on May 1st, it will propose that the international atomic energy organ IAEA would receive a mandate to determine safety demands at nuclear power plants, monitor all civilian nuclear power plants, and improve information, analysis and evaluation of nuclear power accidents.

The Baltic Sea states especially must have a complete exchange of information and cooperation in connection with accidents. When the Swedish-Soviet combined commission meets on May 20th these issues will be discussed.

The opposition is carefully critical in its' commentaries on the government's initiative. The Conservative Party's energy expert Ingemar Eliasson says that it was expected that the government would resort to ingenious policies:

- But the mission with IAEA is certainly long-term. It will take time before it is accepted by the different board members and therefore a long time before measures which increase safety can be put into operation. The truth is that we in Sweden have much to contribute in terms of knowledge. There are 27 Soviet reactors which are of the same type as the one in Chernobyl. Diplomatically, the government must try to induce the Soviet Government to understand that nuclear power accidents are (a mutual problem) not just an individual Soviet one, and that Sweden would gladly share information and experience on nuclear power plant safety," says Ingemar Eliasson.

The Moderates' Per Unckel says that it is a good idea that the government is taking the initiative in a thorough review of what actually happened in Chernobyl. However, every judgment of nuclear power must include a comparison of alternatives," says Per Unckel:

To shut down nuclear power plants would inexorably require great investment in coal power, and damages to people and the environment with such a policy could be comprehensive. Today, there is no reason to assume that the experiences from Chernobyl must lead to a fundamental reorganization of Swedish energy policy.

The Center Party's chairman, Olof Johansson, says that the government's measures are by nature defensive. The position on nuclear power as a source of energy has not been reconsidered.

#### Global Risk

Every country is responsible for its own nuclear power, but is also responsible internationally when the risks are global:

"In order to be credible in international cooperation to counteract the risks of nuclear power, Sweden must literally follow up the dissolution of nuclear power at the domestic level," says Olof Johansson, who believes that many of the positions taken by the government in recent times have drawn away from the decision of the referendum.

Leftist Party--Communist leader Lars Werner says that more than an international convention is needed as well as a critical examination of the Swedish nuclear power program.

"After the accident in Chernobyl work on the shut down must be accelerated. Barseback must be closed. The outfitting of Ringhals must be written off or in any case postponed until we know more about the Soviet accident," says Lars Werner.

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